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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,492
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Monday July 1 1991

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GERMANY
Treuhand sell-off gains momentum
Page 6

World News

New York in eleventh-hour bid to rescue budget plan

New York city's mayor David Dinkins was engaged in a hectic 11th-hour round of negotiations to secure a balanced budget by a deadline of midnight last night. Page 16

FT man deported
William Keeling, the Financial Times correspondent in Lagos, was deported following Nigerian government criticism of his report on the country's oil export earnings. Page 16; Acid test, Page 5

Polish purge sought
President Lech Walesa's supporters called for a thorough purge of former communists from the Polish state administration and for power in the country to be concentrated in the presidency.

Fire kills 32 miners
At least 32 Soviet miners died at a pit in the Donbas coalfield of eastern Ukraine when a conveyor belt caught fire 1,150ft underground.

Havel hails pact's end
Czechoslovak President Vaclav Havel said the dissolution of the Warsaw Pact, expected to be formally announced in Prague today, was a step towards a new order in Europe.

Clashes in Algiers
At least two people were killed and three wounded in clashes between police and Moslem fundamentalists in Algiers, eyewitnesses said. Heavy gunfire shook the city. Page 5

Japanese visit off
Pakistani prime minister Nawaz Sharif called off an important tour of Japan due to start today, instead ordering an emergency cabinet meeting on rising crime at home.

Migrants beat deadline
Israel rushed more than 2,000 Soviet Jews into the country in one day to beat new Soviet travel regulations it fears will slow the rate of the biggest migration to Israel since the early 1950s. Page 5

Payout for Soviet jobless
The Soviet Union today begins giving unemployment benefit to millions of people, burying for good the 60-year-old maxim that he who does not work does not eat. Page 8

Setback for Haughey
The Fianna Fail party led by Irish premier Charles Haughey suffered serious setbacks in local elections. Left-wing and independent parties made strong gains. Page 6

Lebanese civilians flee
Thousands of civilians fled south Lebanon, fearing all-out war when Lebanese troops move into Palestinian guerrilla strongholds this week.

Kidnappers' promise
A Kashmiri militant group said it would release an Israeli it kidnapped three days ago in Indian-ruled Kashmir if the UN will collect him.

Canadian link with Hanoi
Canada will open its first diplomatic office in Hanoi this month. A Canadian spokesman said Canada was the fifth largest investor in Vietnam.

Stateless quit Kuwait
Hundreds of stateless Arabs are fleeing to Iraq, preferring to risk jail or death at the hands of Saddam Hussein rather than stay in Kuwait.

Ugandan offer to Asians
Uganda's interim parliament, the National Resistance Council, has said that 60,000 Asians expelled by dictator Idi Amin in 1972 have the right to return and reclaim their property.

Drug smugglers hanged
Ten heroin smugglers, including an Afghan, were hanged in north eastern Iran.

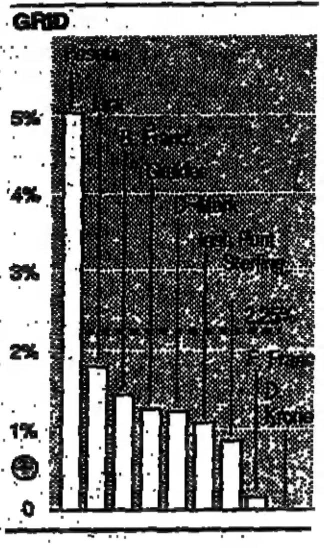
Business Summary

Germany acts over growing cost of unity

Prices, taxes and unemployment in Germany will rise sharply as a result of a series of economic measures introduced today. The package underlines the growing post-unity financial and political pressures on the Bonn government, with Chancellor Helmut Kohl facing the threat of potential labour unrest in east Germany and higher interest rates. Page 16

EUROPEAN Monetary System: The Danish krone replaced the French franc as the weakest member of the European exchange rate mechanism. The highest placed Spanish peseta was well below its ERM ceiling, however, keeping pressure off the system. Sterling traded steadily, remaining the third weakest currency.

EMS GRID June 28, 1991



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the EMS's narrow 2.25 per cent fluctuation band. In practice, currencies in the EMS narrow band cannot rise more than 2.25 per cent from the weakest currency in that part of the system. Sterling and the Spanish peseta operate with 6 per cent fluctuation bands.

LONDON's International Stock Exchange is planning a new method for trading the shares of three-quarters of all listed companies by scrapping the competing market-maker system and replacing it with a series of monopolistic sole traders. It is modelled on the "specialist" system used by the New York Stock Exchange. Page 16

INTEL, the leading manufacturer of computer microprocessor chips, is the subject of an anti-trust investigation by the US Federal Trade Commission. Page 17

TRADE TALKS: The US warned the European Community that it would concentrate on completing its planned free trade pact with Canada and Mexico unless there was sufficient progress in the Uruguay Round of trade liberalisation talks by the end of next month. Page 6

INTERNATIONAL BONDS: The first six months of this year have been the most profitable period for intermediaries in the Eurobond market since the mid-1980s, according to bankers. The volume of new issues grew 50 per cent from just under $80bn in the first six months of 1990 to $121bn so far this year. Page 21

AIR New Zealand suffered a NZ$19.4m (US$11.18) loss for the 12 months to March 31, against a profit of NZ$100.1m last year. It will raise NZ$140m through a one-for-two rights issue. Page 19

CRA, Australian resources group, predicted a profits fall of at least 30 per cent, or A$165m (US$126.9m), for 1991 compared with last year's A$472m net profit. Page 19

UN team goes to Iraq as US hints at military action

By Lionel Barber in Washington

A TEAM of senior United Nations envoys arrived in Baghdad yesterday carrying an ultimatum to Iraq to open its suspected nuclear weapons sites to international inspection.

The success or failure of the UN mission is likely to determine whether President Bush moves ahead with plans to launch bombing raids to destroy Iraq's remaining nuclear capability.

Mr Bush believes that existing UN cease-fire resolutions offer sufficient authority for the use of force against Iraq, and some senior US officials are believed to be pressing for air-strikes if President Saddam Hussein continues to defy the UN inspection teams.

The crisis erupted last Friday after Iraqi soldiers fired shots in the air as UN inspectors filmed a truck convoy suspected of ferrying nuclear processing equipment out of an Iraqi military installation near Baghdad.

The UN team is headed by Mr Hans Blix, director general of the International Atomic Energy Authority, Mr Yasushi Akashi, UN under secretary-general, and Mr Rolf Ekeus, chairman of the UN special commission overseeing the inspection and destruction of Iraq's weapons arsenal.

Initial signs from Baghdad suggest that the Iraqi government intends to defuse the confrontation. A newspaper run by President Saddam Hussein's son, Uday, blamed "chaotic" administration within Iraq for blocking the UN team.

The Bush administration has used the strongest language since the Gulf war to express its anger over Baghdad's defiance of the UN inspectors and its efforts to conceal material relating to its nuclear programme.

Mr Bush, who is on holiday at his summer retreat in Kennebunkport, Maine, accused Mr Saddam at the weekend of "cheating and lying and hiding" regarding the nuclear weapons inspections.

"He must comply with the UN resolutions," he told reporters.

Speaking on television, Mr Lawrence Eagleburger, deputy secretary of state, said that the US would have to "solve this issue one way or another".

Iraq was hiding its nuclear capability, he said. "It's as simple as that."

However, Mr Eagleburger voiced confidence that the crisis would not lead to a renewed outbreak of hostilities between Iraq and the US-led coalition. "I would assume, frankly, that they will be able to resolve this peacefully, because I cannot think the Iraqis will be so stupid as to think they can get away with this for very long."

Even if the present crisis is resolved, US officials remain concerned about the advanced state of Iraq's nuclear programme – which was supposed to have been destroyed by allied bombing raids during the Gulf war.

US intelligence, working with information provided by an Iraqi nuclear scientist who defected last month, has discovered that Iraq is using Second World War vintage enrichment technology in its nuclear weapons programme.

This old technology could allow Iraq to deliver a crude nuclear device within a much shorter time than the five or so years which it was estimated to need before the Gulf war.

Mr Paul Leventhal, president of the Nuclear Control Institute, a Washington-based research organisation, said last week that Iraq was able to acquire some 25 machines – called calutron machines – to produce a few kilogrammes of bomb grade fuel a year.

The UN team in Baghdad is trying to track down these machines which inspectors believe were moved from the Abu Ghraib military complex west of Baghdad to an installation at Fallujah nearby.

Even if these machines are destroyed, questions remain on how to deal with the enriched uranium which Iraq is believed to have produced secretly, not least because it has a very long half-life.

Rebel republics refuse to renounce declarations of independence

Yugoslavia faces civil war

By Judy Dempsey in Ljubljana and Laura Silber in Belgrade, David Buchan in Brussels

YUGOSLAV politicans and European Community foreign ministers sought a new agreement to prevent the country sliding into civil war last night after the Slovenian parliament refused to halt moves to sever ties with the multi-ethnic federation.

Mr Hans-Dietrich Genscher, the German foreign minister, said on Sunday he would go to Yugoslavia today to help to try to find a diplomatic solution to the crisis.

Mr Genscher said he was going to Yugoslavia in his capacity as foreign minister of Germany and as chairman of the recently created CSCE (Conference on Security and Co-operation in Europe) crisis mechanism body.

A meeting of the CSCE crisis committee could take place in Prague as early as Wednesday, the foreign ministry said.

Mr Genscher said he would visit Belgrade and the Slovenian capital of Ljubljana independently of an EC peace mission which went to Yugoslavia on Sunday night.

Mr Ante Markovic, the Federal prime minister, also flew from Belgrade to Ljubljana for talks with Slovenia's secessionist President Milan Kucan to avert "a catastrophe and total civil, inter-ethnic war," a government statement said.

Forty people have been reported killed in fighting between federal troops and Slovenia's territorial defence units since the Federal army entered Slovenia on Wednesday night.

Neighbouring Croatia, Yugoslavia's second largest republic which declared independence with Slovenia on Tuesday, denounced the army's action against Slovenia.

In Ljubljana, Slovenian deputies gathered in the cellar of the darkened parliament building for fear of air raids. In the streets, armed defence units threw up scores of barricades and three people were killed in sporadic shooting.

The parliament called for international EC observers to be sent to Slovenia. Prime Minister Lojze Peterle told reporters the government had received threats of an attack on Ljubljana.

The EC and neighbouring Austria launched their last-minute bids to prevent the Yugoslav federation breaking up in bloodshed, as air raid sirens wailed over the tense Slovenian capital of Ljubljana last night.

The troika of foreign ministers from the European Community arrived in Belgrade in the hope of seeking firm assurances from the army that it would cease its militaryactivities in Slovenia.

The foreign ministers of Luxembourg, Italy and the Netherlands decided to return to Yugoslavia for on the spot negotiations after they failed to get replies to letters warning about the consequences of not biding by the terms of Friday night's abortive compromise proposals.

On their first mediation trip, the EC ministers brought together leaders of the federal government and of the two separatist republics of Croatia and Slovenia, and got their agreement to a ceasefire, a three month moratorium by the republics on their declarations of independence and a return to normal constitutional order.

But, after the Slovene parliament appeared to partially repudiate the agreement, the crisis re-erupted. The rebel government, confident it had won the propaganda war, said it would not renounce it declaration of independence.

The EC presidency, meanwhile, warned that "if there is no positive response to our demands, we will ask our Community partners to freeze aid and to delay negotiations on any new association agreements between Yugoslavia and the EC".

The EC has promised nearly $1bn of its own aid to Yugoslavia, and the Community has additional leverage because it runs a larger package of dols 3.6bn aid pledged to Yugoslavia by the Group of 24 western aid donors.

Slovenia and Croatia declared theirindependence last Tuesday night, a move which prompted the Yugoslav army into taking control of Slovenia's external borders.

Officials from Zagreb, the capital of Croatia, also said last night that its government would not renounce the independence declaration.

On alert: A Slovene soldier at Ljubljana airport

Slovenes driven by dream of Europe

By Judy Dempsey

"IT will never be the same again," said Mr Rudi Jugovar.

He and four colleagues were standing at a quiet mountain pass not far from the Austrian border. The road was blocked by trees felled by Slovenia's territorial defence units (TDU).

Mr Jugovar, recruited into the TDU last week, said he did not think he would be returning to his job as a clerk for some time. "We have received no order to return to base," he said. Mr Jugovar believes the action by the federal army "has burned all its bridges with Slovenia. It would be a tragedy for us if we dared renounced our independence. We will go it alone to Europe, even if the west does not recognise us."

These were sentiments expressed by many Slovenes yesterday, as the federal army waged a war of nerves against this small Alpine republic of 2m people. Their dogged determination to implement their declaration of independence is now the driving force which steers the Slovene government.

During an emotional meeting of the parliament which lasted into the early hours of yesterday morning, interrupted by gunfire and threats by the federal army to bomb Ljubljana, it issued a statement which defied the federal government – and western governments.

The parliament stated that "the republic of Slovenia insists on the adopted independence documents and charges

Continued on Page 16

New Emu formula may clear the way for British approval

By Philip Stephens and David Buchan in Luxembourg

A NEW formula allowing Britain to postpone a final decision on whether to join a single currency appears set to clear one of the last remaining obstacles to a treaty on European economic and monetary union at the end of this year.

The formula, which attracted wide support at the European summit in Luxembourg, avoids a key weakness of a similar plan tabled earlier this year by Mr Jacques Delors, the European Commission president.

It should assuage also the concerns of countries such as Italy and Spain that more advanced northern states might seek to "lock them out" of an eventual move to a single currency.

Under the new proposal, the Emu treaty would contain three safeguard clauses which would come into effect once governments were ready to move to the final stage of monetary union:

- No country could prevent its partners from establishing a single currency if they had met certain criteria for the convergence of their economic performance.
- No country which had met those criteria could be excluded.
- No country could be compelled to join.

The third element would meet the demand of Mr John Major, the British prime minister, that any changes to the Treaty of Rome must not result in the imposition of a single currency without a separate decision by the British parliament. But unlike the earlier proposal of Mr Delors it would avoid an explicit recognition – embarrassing to Mr Major – that Britain might lag behind its partners.

Senior British officials said yesterday that the summit had not agreed the plan, but they added that it had "considerable" attractions. It will now be discussed in detail at the intergovernmental conference on Emu before its expected inclusion in the final treaty.

Mr Major cut another knot when he indicated he would accept a timetable for Emu in return for an agreement that any dates were subordinate to success by governments achieving economic convergence.

In its formal conclusions, the lacklustre Luxembourg gathering did little to advance the tortuous negotiations on further integration.

There was a consensus among the 12 leaders, however, that on Emu at least the way now seems clear for a formal accord at the Maastricht summit in December.

President Mitterrand said he found nothing surprising in the absence of a more substantial outcome, saying that "going by my experience over the years, agreement will only be reached in the last five minutes" before Maastricht.

Others were more emphatically upbeat, including Mr Delors and Chancellor Helmut Kohl, who said: "The climate was extraordinarily good."

Summit details, Page 4

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THE MONDAY INTERVIEW

Lord Sainsbury (left) and his cousin David, who run Britain's largest food retailer, are temperamentally very different but share a business philosophy which combines deep respect for tradition with a restless appetite for change.
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FORTHCOMING FT SURVEYS

Developments in London's Docklands: see Thursday's survey, details right.

■ **THURSDAY, JULY 4:**
European Investment Locations: the task of finding the best-suited locations for business in Europe is becoming increasingly complex, but in the last decade, Britain has attracted more companies from outside the EC than any other western European country.

■ **MONDAY, JULY 8:**
Rebuilding Kuwait: Devastated by war, long-term national security remains one Kuwait's biggest problems.

■ **TUESDAY, JULY 9:**
New Zealand: the economy has been the focus of most New Zealanders' attention for years, but it stubbornly refuses to improve in spite of extensive liberalisation.

CRISIS IN YUGOSLAVIA

Brussels may have rushed into a crisis it has little hope of shaping

EC dashes into its own backyard

The EC is venturing into an historically intractable region, David Gardner writes from Luxembourg

IT SEEMED at one point that the European Community could make "sweet reason and all-night meetings" (Sir Leon Brittan's description of how the EC moves forward) work in its eastern backyard.

The peace package pulled together by the troika of EC foreign ministers and the presidents of the rebel republics of Slovenia and Croatia might have represented an EC coup - EC firemen snuff out fuse on Balkan powder-keg; historic breakthrough for embryonic common foreign and security policy (failure to get act together over Gulf crisis now pre-history). "This is the hour of Europe, not the hour of the Americans," Mr Jacques Poos, foreign minister of Luxembourg, which surrenders the EC presidency today, said too grandly to avoid surrendering a hostage to fortune as well. "If the Yugoslavs want to enter the Europe of the 20th century, they have to follow our advice," Mr Poos warned.

But throughout the exercise there was an air of implausibility about the EC achievement.

In the short term, the EC has acted decisively, and seemed by Saturday morning, as Mr Gianni de Michelis, the flamboyant Italian foreign minister, put it in Zagreb, to have succeeded in "de-escalating the Yugoslav crisis". But neither he, nor anyone else party to the fragile agreement, would be drawn on the mid-term. Mr Poos said: "We know we cannot resolve the problems of Yugoslavia in one night".

Mr Milan Kucan, president of Slovenia, almost mute with rage after the pounding his republic took from Yugoslav air force jets throughout Friday, said: "We are very, very nervous."

Though later on Saturday he backed suspending implementation of the independence Slovenia and Croatia declared last Tuesday, within 24 hours he was overruled by his parliament. The mid-term had got under way almost immediately. Yet even before these developments, there were visible strands to the sense of implausibility. Yugoslavs transact most of their political business in all-night meetings. But as for sweet reason, they simultaneously manage to keep eight or nine irrational ethnic and nationalist conflicts simmering. EC methods could take time to catch on.

The EC is venturing into an historically intractable region. From the Romans to the Habsburgs, multi-nation states erected in the east and centre of Europe have tumbled. Communism froze the pattern but was built on the same national/ethnic fault lines which have emerged with a vengeance post-Cold War. Nowhere more immediately than in Yugoslavia. Unsurprisingly therefore, the jumble of images thrown up by the EC's diplomatic dash never quite seemed to gel.

Nonetheless, the EC's interim peace formula was probably the best chance of getting talks started on Yugoslavia's future. Arguably, the EC, as well as the US, was wrong to insist that Yugoslavia must retain the federal structure it had until last Tuesday. The Austrians, and some of the Brussels diplomats involved in the European Political Co-operation mechanism the EC now uses in lieu of a common foreign policy, argue that this was to write a blank cheque for the Serbs and actually helped precipitate the break-up of Yugoslavia.

The EC's threat to withdraw over $1bn (£800m) in soft credits and grants, and possibly over $3bn more under the Group of 24 programme for eastern Europe which the Community co-ordinates, seems to have been an inadequate weapon to bludgeon the feuding parties into serious negotiations. As a policy instrument, external aid - administered by the European Commission - is only loosely connected to foreign policies occasionally agreed in common by the 12.

Yet, the 12 leaders in Luxembourg reacted as one, when the Slovenes and the federal authorities appealed to the Community for help in mediation. But they were not so clear-headed as to avoid the impression that the EC was being sucked late into a crisis it had little hope of shaping.

Public and private remarks differed. Mr John Major, the UK prime minister, for instance, said at lunch-time on Friday that he thought "the first prize is to hold the [Yugoslav] federation together." Inside the summit meeting, however, he had earlier said that it had to be recognised that it was probably no longer possible to hold Yugoslavia together, and that public opinion was likely to back the Slovenes. Cynics would, and did, add that a pattern was emerging whereby European summits now set aside trying to disentangle the knotty questions of monetary and political union to devote themselves to international fire-fighting.

"Is there anything to suggest the Yugoslav mission would have taken place if there hadn't been a summit going on?" Mr Jacques Santer, Luxembourg prime minister, was asked. "That's quite a question," the outgoing EC president replied. The answer is probably, yes, but that the chances of this or any future shuttle would be improved if the 12 had a more integrated way of arriving at a common stance on foreign and security policy issues. Whether it will get one will be the business of the December summit in Maastricht to decide.

Editorial comment, Page 14

Poos: 'This is the hour of Europe, not of the US'

Serbian leader poised to gain from turmoil

Laura Silber looks at the ambitions and manoeuvrings of Mr Milosevic

THE fate of Yugoslavia and the fate of Mr Slobodan Milosevic, president of its largest republic, Serbia, are inextricably linked.

"If Yugoslavia descends into civil war it means the mass mobilisation of Serbia and Mr Milosevic's political survival are ensured," said Mr Dragoljub Micunovic, president of Serbia's opposition Democratic Party yesterday. "But if the situation turns towards peaceful negotiations, then Mr Milosevic will be weakened. He has foregone too many chances to ease tensions and find a resolution of Yugoslavia's crisis," he added.

When the Yugoslav People's Army occupied Slovenia last week after the western republic's declaration of independence, Mr Milosevic realised a goal. This was accomplished while Serbia remained above the fray between the federal government and the army, on one side, and the breakaway republics of Slovenia and Croatia, on the other. Since January, the ruling Socialist Party of Serbia (SPS) has called on the federal army to impose "emergency measures" to stop Yugoslavia's disintegration.

Mr Milosevic has repeatedly said Yugoslav peoples, including Slovenes and Croats, have the constitutional right to self-determination, which includes secession. Through political and economic blockades, Serbia has tried to drive Slovenia out of Yugoslavia. An independent Slovenia would leave Croatia isolated in a Serbian-dominated Yugoslavia.

Croatia, in a rump Yugoslavia, would be blocked from seeking independence by the republic's Serbs, who make up 11 per cent of Croatia's population. Mr Milosevic is aware that Serbian dominated regions across the country, in Croatia and the central republic of Bosnia-Hercegovina, would join Serbia if civil war erupted.

Last week the federal government's goals seemed to coincide with those of Serbia, when both called for the army to guarantee Yugoslavia's borders. The order by the federal government and parliament to the army last week prompted Croatia and Slovenia to accuse Mr Ante Markovic, the prime minister, of being under Serbia's control.

But Mr Milosevic has waged a campaign against Mr Markovic in the past year in an attempt to stop the federal prime minister's political and economic reforms from loosening the republic's hold over the economy.

Army intervention has enabled Mr Milosevic to mend divisions in Serbia's ruling party. The two fractions in the SPS – Serbian nationalists and hardline communists – were united in criticism of Mr Markovic. Communists have attacked the federal government's programme of economic and political reform. Nationalists have criticised Mr Markovic, a Croat, for his attempts to steer the country towards democracy away from nationalism.

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Italian city turns into sea-bridge for tourists

By Haig Simonian in Trieste

ISOLATED incidents between Slovene forces and Yugoslav federal troops at key frontier crossings between the republic of Slovenia and Italy continued over the weekend as federal forces consolidated their positions.

Only two of the seven frontier crossings in the Trieste region between Italy and Slovenia remained open, with severe delays and uncertainty for travellers.

Despite the ceasefire, three Serbian members of the federal army were reported to have been killed at the Rabuisese crossing point near Muggia. At the Sant' Andrea crossing near the Italian city of Gorizia, north of Trieste, a group of federal soldiers surrendered to Slovene paramilitary forces on Saturday night.

● Slovenia's President Kucan, left: he discussed developments on Saturday with Italy's Liberals Renato Altissimo, leader of Italy's Liberals

The violence has caused severe disruption on one of this year's busiest holiday weekends, as thousands of German and Austrian motorists would normally drive through northeastern Italy towards Yugoslavia.

Instead, tourist flows have been entirely in the other direction as thousands of anxious foreigners leave Yugoslav ports on special ferries for Italy. On Saturday alone, some 3,000 predominantly Austrian and German tourists disembarked in Trieste on board specially chartered vessels from the Istrian coast. Other ferries sailed to Ancona to the south. "We've started a sort of sea-bridge," said an official at the Trieste harbourmaster's office yesterday. "We expect it to continue for a few more days yet."

The violence in Slovenia has come as an unexpected boost to Italian hoteliers on the Adriatic, who are only slowly getting over the devastating effect of the seaborne algae which severely damaged tourism in 1989.

According to hoteliers in the holiday port of Grado, near Trieste, last-minute bookings have surged as foreigners switch destinations.

According to one young deserter from the federal Yugoslav army, federal troops had been told theu were being moved up to the Italian border to prevent an imminent Italian invasion. The deserter, a Kossovan, Agron Jslami, said troops have been told to fire on civilians without asking questions.

The Italian authorities have not yet moved extra troops to the frontier region, unlike their Austrian counterparts. However, airborne patrols from the Treviso airbase were stepped up on Saturday following reports of an incursion of Italian airspace by unidentified aircraft. Meanwhile, a special telephone number has been set up by the Italian authorities for Italians worried about the safety of friends and relatives across the border.

The violence in Slovenia has triggered calls from politicians in a number of regions in northern Italy for an urgent meeting to discuss the situation. Mr Adriano Biasutti, the head of the Friuli-Venezia Giulia region neighbouring Slovenia, said he hoped such a meeting would take place in Trieste later this week.

On Saturday, Mr Renato Altissimo, the leader of Italy's Liberal party, went to Ljubljana to discuss developments with Mr Milan Kucan, the Slovene president, and Mr Dimitri Ruppel, the foreign minister.

Yugoslavia's internal problems did not prevent its national basketball team trouncing the Italians in the European championship in Rome on Saturday. Despite the decision by one Slovene star player not to play with the federal team for the finals, Yugoslavia beat Italy by 88 to 73.

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Hardline generals in federal army fail to cow Slovenia into submission

By **Judy Dempsey** in Ljubljana and **Anthony Robinson** in London

IF the hardline communist generals who control the Yugoslav army hoped to cow Slovenia into submission they appear to have failed in their purpose. Instead the army's threat to use all force at its disposal to secure a ceasefire appears to have hardened the resolve of this small Alpine republic.

Mr Milan Kucan, the Slovene president, declared at the weekend: "Slovenia can no longer be an integral part of Yugoslavia. It could be forcibly annexed back to Yugoslavia, but such an act would not put a stop to the democratic processes here." He added: "Due to the current aggressive interventions of the army against Slovenia, it will not be possible to discuss the possibility of establishing a new community of sovereign states on the territory of former Yugoslavia."

Control of the military appears to have passed to about 200 officers around the general staff

The agreement on a ceasefire by the federal army and Slovene forces, reached by the troika of EC foreign ministers and federal and republican ministers on Friday night, hinged on Slovenia accepting a three-month suspension in implementation of its declaration of independence. It also required Serbia to accept the appointment of Mr Stipe Mesic, a Croat, as federal president. Serbia had blocked his appointment on May 15. But the "peace agreement" was already in tatters when the troika returned to Luxembourg on Saturday morning.

Although Mr Ante Markovic, the federal prime minister, met Croat and Slovene leaders yesterday to seek a new political agreement, events over the last few days indicate that the real power behind the attempt to keep Yugoslavia as a federal state, by force if necessary, is not the weak and divided federal government but the federal army.

By giving the army the go-ahead in Slovenia, Mr Markovic has damaged his credentials as a prime minister committed to the democratic process and his credibility with the international community. In effect the generals appear to have pulled off a virtual military coup. At least, this seems to be the conclusion to be drawn by recent events.

For a start, Mr Vejko Kadijevic, the defence minister and member of the special co-ordinating council set up by Mr Markovic which helped fill the political vacuum caused by collapse of the collective presidency on May 15, has hardly been seen or heard since the military moved to seal off Slovenia's frontiers with Austria, Italy and Hungary on Wednesday.

Mr Markovic had relied on Mr Kadijevic to keep a tight rein on the army and restrain the hardline communists and Serb nationalists.

Instead it was General Marko Negovanovic, a former head of the army's political department who went on Belgrade television on Saturday to threaten Slovenia that the army would drop its relative restraint and "declare a mobilisation" unless Slovenia honoured the ceasefire agreed on Friday night between the federal government and the EC troika. It was also Gen Negovanovic who announced that a general mobilisation of all armed forces was in its final stages on the territory of Croatia. Hard information is patchy, but control of the army appears to have moved into the hands of a group of 200 communist officers around the general staff. This group, set up earlier this year, has nothing but disdain for western governments and the democratic process. Its views were reflected in a document drawn up by last January which criticised what it called western attempts at interference in Yugoslavia, and went on to spell out its vision of a new Yugoslavia. The main points of the document were:

● "The west is aiming to divide Yugoslavia by attacking the communists. The functioning of the federal state must be secured. . . if the west imposes its will it would be difficult to avoid bloodshed. . .

● "Socialism is not finished and has not been brought to its knees, Yugoslavia though paying a high price has managed to overcome the first strike of the anti-communist hysteria wave. A real possibility to preserve the country as a federative and socialist society has been preserved.

● "The army as an institution must be included in discussions on the future of Yugoslavia.

● "Suggestions that Yugoslavia should become a confederation run against the fact that such a state cannot exist. Yugoslavia can be only a unified federal state.

● "Every effort has to be made to ensure that the League of Communists/Movement for Yugoslavia, to which the senior officers belong, becomes the major political force in Yugoslavia over the next five or six months.

Even if the army does return to barracks, as demanded by the troika of EC foreign ministers, Slovene and Croat government officials believe the crisis will continue. Events in Slovenia, they believe, are likely to lead to a chain reaction in other parts of the country where the potential for inter-ethnic conflict is infinitely greater than in small, ethnically homogeneous Slovenia which voted overwhelmingly to reject communism and create its own multi-party, free market democracy last year.

Yesterday, hundreds of Slovene paramilitary troops, armed with rifles, pistols and grenades, and backed by armed civilians, waited for air attacks and Slovene television broadcast a video telling its citizens about air-raid shelters. Fear engulfed the Slovene capital of Ljubljana, a city of 350,000 people.

As for the federal army, it appeared surprised by the determined resistance of Slovenia's inexperienced territorial defence units, and frustrated by the restraint urged by some federal army commanders which has prevented the full might of the federal forces being used against the republic.

Even so, the loss of life, the strafing of blocked traffic, and the destruction of frontier posts and of vital tourist facilities such as Ljubljana and Maribor airports and passenger aircraft on the ground, have left a bitter taste which will be hard to remove.

A Slovene militiamen in Ljubljana yesterday checks a motorist's identity as the city waits fearfully for air attacks

Consensus in the front line: 'After all, they're still our own people'

WHILE the politicians of breakaway Slovenia and the Yugoslav government wrangle to find a solution to the current crisis some soldiers on both sides appear to have found a consensus, Reuter reports from Sentilj.

"We don't want to fight them and they don't want to fight us," Lieutenant Uros Ribic, deputy commander of the Slovene militia at the Sentilj border crossing with Austria, said yesterday. "We have agreed with the other side that we won't shoot at them unless they shoot us. After all they're still our own people."

Sentilj, one of Yugoslavia's biggest border crossings into Austria, was still closed to all but a few pedestrians yesterday. More than 100 trucks stood idle in the customs area waiting for the border to reopen.

"We can't open the border yet because the federal troops still control two hills on either side, but we have them surrounded and are in control," Lt Ribic said.

On one ridge above the customs area the muzzles of what appeared to be bazookas could be seen protruding from three trenches.

Some distance away two Austrian soldiers observed the situation from their side of the border while Austrian air force jets flew patrol missions just inside Austrian territory.

Three tanks that used to belong to the federal army, now with red, white and blue Slovene markings, stood with guns pointing at the Yugoslav positions. They and five others had been surrendered by their crews on Saturday.

"Up on the hill there are still about 50 troops under the command of a Serbian major," said Lt Ribic, who in civilian life runs his own business selling television satellite receivers. "Another 30, some of them Slovenes, have already come over to our side and told us that most of the others wanted to give up as well," he said.

"They said they had threatened even to kill the major if he tried to prevent them from leaving."

Lt Ribic said the militia and federal commanders had agreed to the armed truce. "But there are several tank units about 3km further east in Cersak and we don't know what they are up to."

He said that on Saturday soldiers from the other federal stronghold on the other side of Sentilj had come down to ask for medical assistance for their commander who had fallen ill.

"We told them to bring him down and then we took him to hospital," the lieutenant said. "He is a Bosnian and told us he too did not want to fight."

Militiamen surrounding the two strongpoints were trying to persuade troops from the other side to give up and come over to them.

"I think we shall be able to persuade them to give up just as we did the crews of the tanks," Lt Ribic said.

The Yugoslav army vastly outnumbers the territorial defence units in Slovenia, a republic of fewer than 2m people which declared independence from Belgrade on Tuesday.

Yugoslavia's armed forces total 180,000, and 138,000 of them are in the army. Slovenia says it has 68,000 men in its territorial defence units but can arm only 40,000 of them.

CZECHS CRITICISE ATTITUDE OF COMMUNITY

THE Czechoslovakian press strongly criticised yesterday the attitude of the EC towards Slovenia and Croatia, following the endorsement by the Slovak leader of the independence-seeking republics earlier in the week, writes Arianne Genillard in Prague.

"Through its support of the centralist powers inside the Serbian leadership, the European Community is encouraging the repression against Slovenia and Croatia," commented the influential daily Hospodarske Noviny. Similar criticism was found in the highbrow daily Lidoviny Noviny.

On Thursday, Mr Jan Carnogursky, prime minister of the Slovak republic within the Czechoslovak federation, sent a telegram to his Croatian and Slovenian counterparts praising "the right to self-determination of the Slovene and Croatian nations".

Nicholas Denton in Budapest adds: Mr Rudolf Davorin, foreign minister of the breakaway Yugoslav republic of Croatia, yesterday appealed for recognition from Hungary at an unscheduled meeting with his counterpart, Mr Geza Jeszenszky, in Budapest.

TO CREATE THE WORLD'S STRONGEST GLOBAL NETWORK...

EUROPEAN COMMUNITY SUMMIT IN LUXEMBOURG

Dutch playing for big stakes in top EC role

By David Buchan in Luxembourg

THE Netherlands takes over presidency of the EC today in the daunting knowledge that the summit it will host at Maastricht on December 9-10 will prove a big success on political and monetary union or an abject failure, with almost no room for anything in between.

Even on Saturday, Prime Minister Ruud Lubbers was trying to lower expectations by saying: "I leave Luxembourg with the feeling that it will be extremely difficult to get an agreement at Maastricht."

This was partly a comment on the fact that the Luxembourg summit did little to bridge key divisions among the Twelve. It was also to make the Dutch achievement seem all the greater, if Maastricht is crowned with success.

Dutch hints that they might convene an interim summit in October may not make their task much easier. The tactic of most countries is to save any real concessions for the final horse-trading in December.

The Dutch might also be ill-advised to tamper too much with the structure of the 132-page draft treaty they have inherited from the Luxembourg presidency.

Along with Belgium, the Netherlands dislikes the Luxembourg idea that the Twelve's foreign and interior ministries should decide policy largely outside the standard Community framework. But this structure now seems to suit the 10 other states.

Presidency holders have to pull back a bit from the direct fray, so as to play referee among the other 11. But the UK is probably right to expect that it will not get a rough handling from the Netherlands, Britain's closest ally on much Community business.

Among priorities shared between the two countries is a desire not to let greater EC defence co-operation alienate the US from Europe or to damage Nato. Nor is the Netherlands as keen as many others on social legislation to which the UK objects.

But Britain may have to bow to the importance the Dutch place on environmental issues, perhaps by agreeing to more majority voting in this area, if it wants to maintain Anglo-Dutch amity.

The basis of this relationship has been a joint enthusiasm for trade liberalisation – inside the EC in terms of transport (important to Dutch road hauliers) and outside the EC in terms of agricultural reform and an early conclusion to the Gatt trade talks.

Major commits himself to compromise

Philip Stephens on a summit which could prove a watershed for British politics

FROM any other European leader it would have been merely a statement of the obvious: "I think there is no one in the Community who will not have to compromise in some regard if we are going to successfully get agreement".

The significance of the remark was that it was made by Mr John Major, the British prime minister, at the end of a European summit which for his government – and the Conservative party – may well prove a watershed.

The absence of any agreements in Luxembourg – and the wrangling in the final hours over the wording of the communiqué – obscured an important shift in Britain's approach to bargaining on economic and political union.

John Major: determined to keep most important deals on monetary union away from public view

Mr Major insisted throughout the summit that no individual parts of a deal could be agreed until the whole package was on the table. But he stressed just as often that he was as determined as his colleagues *not* to find himself in a minority of one when that "everything" was put on the table at the Maastricht summit in December.

Despite the anxiety of a relatively small but vocal minority of vehement "Eurosceptics" among his own supporters at Westminster, the prime minister is now committed to a series of compromises in both intergovernmental conferences.

He is convinced also that the approach is already yielding results. The summit communiqué contained important concessions to Britain's view that economic convergence must precede rather than follow any move to a single currency and to UK opposition to community regulation of social policies.

The most important deals on monetary union have already been made, although Mr Major is determined that for now they should be barely visible to the naked eye.

Mrs Margaret Thatcher's decision last week to retire as an MP has diminished her capacity to lead a Tory revolt against the plan for a single currency she so abhors. But her successor sees no reason to tempt fate.

Conditional British consent to the inclusion of an "indicative" timetable for monetary union – meaning dates would be subordinate to sufficient convergence of inflation rates and budget deficits – removed *one of the last significant* obstacles to an Emu treaty.

Britain had already signalled that it was ready to see its plan for a common currency based on a "hard Ecu" incorporated into alternative proposals to strengthen the existing European currency unit.

The government's insistence on a "let-out" clause, providing for a separate decision by parliament before sterling could be subsumed in a single currency, should be taken care of by a new formula tabled at the summit. The formula suggests that no country could be excluded from the final stage of monetary union, but equally none could be compelled to participate.

The bargaining on political union will prove more difficult, *above all on majority voting,* the European parliament's powers and the social charter.

If Mr Major conceded much in those areas he might hand Mrs Thatcher the opportunity to lead a big revolt of Tory MPs. That suggests months more of tough bargaining.

But Mr Major has abandoned the absolutism of his predecessor. His officials calculate that in the end – and that may well prove to be during the last hours of the Maastricht summit – other governments will respond to the new approach by preferring a less-than-ambitious treaty to a British veto.

Support for police links

RISING awareness that the EC *single market might give* criminals and drug-traffickers, as well as illegal immigrants, a freer ride around the Community has finally brought some support for Chancellor Helmut Kohl's long-standing call for greater European police co-operation, writes David Buchan.

Leaders backed "the objectives underlying" Mr Kohl's proposal for an EC equivalent of Interpol, now known as Europol. But Britain, Denmark and the Netherlands had serious reservations about any supranational police force.

The EC leaders have asked their *interior ministers to* produce, by their next summit in six months, proposals on harmonising immigration and asylum policies and on a joint crackdown on drug trafficking. The Twelve have signed a convention which says that, in the frontier-free Europe of 1993, requests for asylum should be handled by the government of the EC state through which the asylum-seeker first entered the Community.

But there is still no common policy on what sort of foreigners the Twelve should grant asylum to.

Community leaders fix their gaze on Maastricht

ALTHOUGH the 12 EC leaders failed to narrow their key remaining differences on political and monetary union at this weekend's Luxembourg summit, they virtually swore on the Community bible that they would reach agreement by the Maastricht summit in December, writes David Buchan.

The only drama was provided by the EC's mediation bid in the Yugoslav crisis. The summit itself did little more than register existing divisions on:

● Political Union. Prime Minister Jacques Santer of Luxembourg, the sum*mit host, said his country's* 132-page draft treaty had been approved as "the basis of subsequent work" by negotiators. Only Belgium and the Netherlands complained about the draft structure's treaty, which puts foreign policy and police co-ordination outside standard EC decision-making machinery.

On defence, the summit communiqué said the immediate task was to work out "common guidelines" for the Nato summit in November, then to decide how to strengthen the EC "defence identity". President François Mitterrand, prime proponent of bringing defence within the EC, said this was "too timid" for his taste, but still left scope for satisfactory agreement on European defence by year-end.

On the European parliament's powers, Luxembourg wanted all to agree on the principle of giving Strasbourg an equal say to that of the Council of Ministers in making some laws. But the UK, Danish and Portuguese premiers balked. In the end the communiqué simply noted the importance of the 12 achieving consensus on "co-decision" for the parliament.

On social policy, targeted by most of Britain's partners for more majority voting, Mr John Major elaborated his government's particular distaste at having its labour market regulated from Brussels. *In return for his* non-confrontational tone, the UK leader received assurance that EC legislation would not touch "national social security and social protection schemes".

● Economic and Monetary Union (Emu). Britain's partners insisted on recalling their agreement last October on a timetable for Emu, with a 1994 start-date for a new EC monetary institution. So Mr Major felt compelled to recall his predecessor's objection to that timetable.

Mr Mitterrand dismissed the significance of the 11-to-one divide, saying the real bargaining would only come "five minutes" before Maastricht.

Fresh political ground was, however, broken, when Mr Santer set out his three principles for the final transition to Emu.

● Foreign policy. EC leaders confirmed their intention to extend technical aid to the Soviet Union into 1992, and to let Moscow borrow more from the European Bank for Reconstruction and Development.

But, in a dinner debate on what more to do to help Soviet President Mikhail Gorbachev salvage perestroika, it became clear that at the G7 summit in London the US and Japan will not come under pressure from EC participants to push large new amounts of money Moscow's way.

The 12 backed US peace efforts in the Middle East, while expressing continued concern for Kurdish refugees and calling for improved UN co-ordination *of disaster relief in Iraq and elsewhere.*

French banks told to cut their costs

By George Graham in Paris

FRENCH BANKS must cut down on costs, improve productivity and tighten controls on credit risks if they are to cope with competition in the 1990s, the country's top bank supervisor has warned.

Mr Philippe Lagayette, deputy governor of the Bank of France and chairman of the Commission Bancaire, the central bank's supervisory arm, said profitability had declined last year as activity slowed and margins narrowed.

Average lending margins tightened to 5.6 per cent last year, against 5.76 per cent in 1989. Over the last four years, Mr Lagayette said, French banks had on average lost a *full percentage point* of margin.

Presenting the Commission Bancaire's annual report, he said costs had grown an average 6.5 per cent last year, leading to stagnation of gross *operating profits.* Despite a slowdown in risk provisions net profits also stalled.

Earlier this year market conditions appeared to be improving, with margins widening slightly and results from French banks' overseas branches recovering.

Mr Lagayette cautioned, however, that acting on lending margins would not be enough to ensure adequate profitability.

"This action must be completed by an effort to control costs, which are growing at a rhythm which is no longer compatible with the growth of banking income. Tougher competition will force the banks to amplify efforts to reduce operating costs by seeking productivity gains."

The Commission Bancaire warned about the expansion of bank loans to property developers. These loans have nearly tripled in the last two years to total FFr173.3bn (£17.43bn) at the end of 1990, but the Commission complained that several banks had inadequate control procedures for monitoring their risks in the property sector.

Mr Lagayette said, nevertheless, that the French banking *system remained solid.*

Israel rushes to bring in 2,000 Soviet Jews

By Hugh Carnegy in Jerusalem and John Lloyd in Moscow

ISRAEL rushed more than 2,000 Soviet Jews into the country yesterday in an effort to bring in as many immigrants as possible ahead of new Soviet travel regulations which officials fear will slow the rate of the biggest migration to Israel since the early 1950s.

The Jewish Agency, the body responsible for immigration, organised dozens of extra flights over the past week to beat a Soviet regulation requiring all travellers to carry valid Soviet passports from today. Previously, Jewish emigrants required only visa papers. Those who hold an exit visa – currently numbering around 100,000 – must also now apply for a passport to leave, on the same basis as other Soviet citizens.

Until today, Jews who could show they were joining relatives abroad could leave without passports. The issuing of passports, even for short trips, is normally a time-consuming and arbitrary affair.

More than 12,000 Soviets arrived in the last week, bringing the total for June to more than 20,000, one of the biggest monthly influxes in a two-year migration which has seen some 300,000 Soviet Jews settle in Israel.

Officials expect the numbers to fall because of bureaucratic delays in distributing passports. They also admit privately that many potential immigrants are happy to wait to receive a passport because it offers them the chance later to return to the Soviet Union and may help them keep legal rights such as pensions which are not available to those who have come to date.

Worries about rising unemployment and a severe housing shortage in Israel also appear to be causing an immigration slowdown. But officials say they still expect the total to rise to 1m by mid-decade.

Biggest copper mine set for indefinite strike

By Leslie Crawford in Santiago

OVER 9,000 miners at Chuquicamata, the world's biggest copper mine, were due to begin an indefinite strike today, barring an eleventh-hour breakthrough in pay talks with Codelco, the Chilean state copper company.

The stoppage marks the end of the honeymoon between labour and President Patricio Aylwin's 15-month-old government. It will shut down Chuquicamata for the first time since 1973, as strikes were forbidden at the vast open-pit mine in the middle of the Atacama desert during Gen Augusto Pinochet's 1973-1990 dictatorship.

Talks between Codelco and the powerful Copper Workers Federation (CTC) were taking place yesterday in a final effort to avert a stoppage that will cost the company $3m (£1.8m) a day. But there appeared to be little room for compromise. The unions, backed by a secret ballot last week in which 82 per cent of members voted for strike action, are demanding a pay increase of 9.95 per cent above inflation, longer holidays, a shorter working week and better bonuses.

Codelco, struggling to remain competitive with ageing and overmanned copper mines, says it can only afford to keep miners' pay in line with inflation, projected to be 18 per cent this year. It is offering a $1,000 no-strike bonus.

The conflict at Chuquicamata has concerns politics more than economic grievances. Codelco's miners are the best paid in Chile, earning on average over $1,000 a month. But the miners claim that restoration of democracy last year brought no changes to management style at Chuquicamata.

Nigeria may prove World Bank's acid test

William Keeling, expelled from Lagos, looks at the regime's economic management

IT WAS entirely appropriate that Mr Barber Conable, the World Bank president, chose the new Nigerian capital of Abuja to deliver his sternest warning to date about the African crisis.

"Accountability, transparency, predictability, (and) adherence to the rule of law" were fundamental to development, Mr Conable warned African leaders gathered for the annual summit of the Organisation of African Unity, making clear that these would increasingly be the criteria on which the Bank's "scarce resources" would be allocated.

In the coming months Nigeria, recipient of loans worth some $4bn from the bank, may prove to be the acid test for this policy. Government accountability is undermined by inadequate accounting of the proceeds of the state-dominated oil sector; the principle of transparency is threatened by murky contracts; corruption comes before predictability; and the rule of law is often distorted by government diktat.

There may be governments on the continent as corrupt as Nigeria's, and there certainly are governments that are worse managed. But few, if any, compare with Nigeria in the scale of the problems that have to be confronted, the size of export earnings open to misappropriation, and the extent of external support for an economic reform programme seen as a critical test of the World Bank's formula for Africa's recovery.

Nearly one in five sub-Saharan Africans is Nigerian. The country's economy, fuelled by exports of some 1.6m barrels of oil per day, is second only to South Africa's, and foreign debt is nearly $35bn.

Nigeria went from boom to bust in under a decade as oil prices fell from their late 1970s peak, and the government of the day discovered that it was living beyond its means. Since the early 1980s the economy has been in distress, kept afloat by a succession of external debt reschedulings and aid.

The coup which brought President Ibrahim Babangida to power in August 1985 seemed a turning point. A radical economic reform programme was introduced the following year, while Mr Babangida made a commitment to return the country to civilian rule in 1992 long before other African leaders were forced to bow before the continent's new winds of change.

But as the military government approaches its final year in office, it is faced by mounting criticism.

The hopes for economic development are being undermined by a programme of largely wasteful extra-budgetary expenditure; and the transition programme to return the country to civilian rule suffers from the heavy hand of the soldier politicians.

Without economic probity, many observers believe, the political process will be undermined. Concern centres on five key issues:-

● The government failed to curb the funding of the white-elephant projects it inherited, foremost of which is the Ajaokuta steel plant. Originally estimated at $1.4bn (£875m), total expenditure has exceeded $4bn and donor officials say that an extra $2bn is required before it can begin production. As a result of its cost over-run, products from the plant will need to be heavily subsidised if they are to be competitive.

Babangida: government faces growing criticism

● The government has committed itself to construction of a $3.4bn aluminium smelter. The project is the subject of dispute between the government and its international creditors. Western diplomats estimate the cost of the 180,000 tonne a year smelter to be 60-100 per cent above the cost of similar smelters elsewhere in the world.

Government officials argue that the smelter is at the heart of plans to exploit Nigeria's substantial gas reserves with the 540 MW electricity station which will feed the plant being powered by gas.

Opponents of the project say the level of equity finance in relation to total cost at 20 per cent is too low and the project has been unable to attract any loans from the World Bank, commercial banks or export credit agencies.

Western diplomats say that disagreement over the project will jeopardise Nigeria's chances of receiving debt reduction from the Paris Club of creditor governments to which it owes $17.5bn. Government officials insist that the project remains a political priority, as indicated by the appointment of Alhaji Abubakar Alhaji, the minister of finance, as chairman of Aluscon, the company which will own the smelter.

● Donor officials estimate the cost of additional expenditure as a result of increasing military involvement in the sub-region at $250m-$500m, including a contract to buy 150 tanks from Vickers of the UK. Nigeria is the leading participant of the West African force that intervened in the Liberian civil war last August and troops are also involved in suppressing a rebel incursion in Sierra Leone.

● The recent OAU summit is estimated to have cost at least $150m, inflated by the tight timetable for construction of facilities following the decision last year to hold the conference away from the OAU headquarters in Addis Ababa. The summit was a lavish affair with estimated cost of Mercedes limousines bought to transport visiting heads of state exceeding the level of contributions made last year by member countries to the organisation.

● As a result of the high level of public expenditure, the potential benefits of the windfall gained last year from higher than anticipated oil-earnings resulting from the Gulf crisis may have been lost. Oil export receipts last year amounted to $13.2bn, up from $7.5bn in 1989, and government officials say that additional earnings have been used to boost foreign exchange reserves.

Although foreign assets declared by the Central Bank have more than doubled in the past year to over $4bn, western diplomats report that this encompasses items which should not be included, such as the reserves held by the Nigerian National Petroleum Corporation for oil-sector development.

Indeed, economists working for donor agencies, which estimate the windfall at $5.2bn, say that at least $3bn is not accounted for in Central Bank figures for the period between July 1990, and May this year.

As the return to civilian rule approaches, the legacy of the current government is in danger of being that of an economy weakened by a heavy and unjustified spending programme. As recent events bear witness, economic development is not so dependent on higher export earnings, but on transparent and accountable government.

Oil producers to confer with consumers in Paris

REPRESENTATIVES of 25 nations meet in Paris today and tomorrow for the first high-level conference between oil producers and oil consumers since 1975, George Graham reports.

Sixteen years ago, in the wake of the 1973-74 Arab oil embargo, a similar meeting in Paris failed dismally. This time France and Venezuela, the conference's two organisers, have limited the meeting's scope to avoid it turning into a confrontation over oil prices.

Mr Dominique Strauss-Kahn, France's minister for industry and foreign trade, says: "It is more like a scientific seminar than a trade union bargaining session." Even though the French government denies any desire to interfere with the oil market, it clearly believes the market can be made to function more smoothly with more guidance from governments.

Mr Strauss-Kahn cites the example of the Group of Seven industrial countries, which help to set a framework for exchange and interest rate movements without preventing the currency market's free working.

He appears to believe a more open exchange of information could help smooth many unnecessary fluctuations in the market. But the French minister insists he has no intention of proposing the sort of market intervention that the G7 undertakes in the foreign exchange market.

France's and Venezuela's claims that the Paris conference is not an attempt to fix oil prices have reassured oil producers more than consumers. All the producing countries invited to the conference – from Saudi Arabia and Iran to Indonesia and the Soviet Union – are to be represented at ministerial level.

Mr Ginanjar Kartasasmita, Indonesian minister of mines and energy, says: "The consultation is necessary, not for dictating a certain level of price, but for stabilising prices and preventing fluctuation which can cause loss to both sides."

Two die as Algerians call for Islamic state

AT LEAST two people were killed and three wounded in clashes between police and Moslem fundamentalists in Algiers yesterday, eyewitnesses said, Reuter reports from Algiers.

The firing was some of the heaviest in the latest round of clashes between the security forces and fundamentalists demanding an Islamic state and changes in the election laws.

The military said youths had defied an 11pm-3.30am curfew, thrown up barricades and stoned troops. The Algerian news agency APS said it had received a communiqué threatening violence if the authorities did not announce dates for general and presidential elections within 20 days.

Major sends envoy

Mr John Major, UK prime minister, has sent a personal envoy to Beijing to try to persuade China's leaders to negotiate a settlement over Hong Kong's proposed new airport, with a formula for governing the colony till it returns to Chinese sovereignty in 1997, John Elliott reports from Hong Kong.

Sir Percy Craddock, Mr Major's foreign affairs adviser, flew to Beijing at the end of last week. China has been using the airport plan to try for extensive control over Hong Kong before 1997.

Japan visit cancelled

Pakistan's Prime Minister, Mr Mian Nawaz Sharif, has cancelled a five-day visit to Japan due to begin today because of increasing violence in Pakistan, Farhan Bokhari reports from Islamabad.

Some 19 people have been killed in Lahore and Sheikhupura, cities of Punjab province, during the past week. Public protests were held in Lahore against the killings.

Lebanese flee

Thousands of civilians have fled in fear of a showdown between the Lebanese army and Palestinian guerrillas in south Lebanon, security sources said yesterday, Reuter reports from Sidon.

US could shelve Uruguay Round talks, EC told

By Peter Norman, Economics Correspondent

THE European Community has been given a warning that the US would shift its negotiating resources to completing its planned free trade pact with Canada and Mexico, if insufficient progress was made in the Uruguay Round of trade liberalisation talks by the end of next month.

Mr Harry Freeman, executive director of the MTN Coalition, a pro-Uruguay Round trade group representing 14,000 US companies, said there was a great sense of frustration over the round in the US, along with a "general feeling that the enemy is the EC".

At the American Chamber of Commerce in London, Mr Freeman said the US wanted a "maxi-agreement" in the Uruguay Round, meaning substantial agreement in all the 15 originally agreed negotiating areas.

The US regarded the talks, taking place under the General Agreement of Tariffs and Trade (Gatt), as the first real opportunity to write trade rules for the whole world, because China and the Soviet Union want to join Gatt.

Also, US attitudes had been influenced by a belief that this would be the last of the traditional trade rounds because it had become so difficult to negotiate with more than 100 Gatt members.

Mr Freeman said he saw Britain as a strong US ally. A failure of the Uruguay Round would be a crippling blow to Gatt and increase the danger of trade being divided between blocs of countries.

The problem of liberalising agricultural trade had to be solved fairly quickly. The final trade agreement would also have to produce enough US "winners" to ensure congressional approval. Mr Freeman also called for Gatt to be given a higher status, with a president who should be a former elected official.

Washington fires new telecoms salvo

By Hugo Dixon

THE US has fired its latest salvo in attempts to drive down the price of international telephone calls. Last week it proposed a series of reforms to the complex accounting rate system blamed for keeping international charges artificially high.

The State Department's proposals are its submission to a meeting of the International Telegraph and Telephone Consultative Committee (CCITT), the Geneva-based phone club, in early September.

The US believes the high level of accounting rates, which determine how much phone companies in different countries pay each other for delivering calls, is preventing prices paid by customers from falling. It is also unhappy because it pays out $3bn (£1.8bn) a year more than it receives under the system.

The CCITT, which is responsible for how the system is run, has agreed to discuss reform options following mounting criticism by countries which feel penalised by the system. A Financial Times investigation last year concluded customers across the world were being overcharged more than $10bn annually for international calls.

The US is likely to receive support from Australia, Canada and Sweden, all of which suffer substantial deficits, in its campaign to bring down accounting rates. However, observers predict there will be a fierce battle as many countries, particularly in the developing world, rely on accounting rate payments as an important source of foreign exchange.

France also appears likely to oppose the proposals.

Setback for Fianna Fail

By Kieran Cooke in Dublin

FIANNA FAIL, the party led by Mr Charles Haughey, the Irish prime minister, has suffered serious setbacks in local elections while left-wing and independent parties have made strong gains.

Final results over the weekend showed Fianna Fail to have lost control on a number of councils, with the party's overall vote down to 38 per cent from 45 per cent at the last local election in 1985. Mr Haughey dismissed any suggestion that he should resign as party leader. He said the local elections would not affect his party's policy and promised he would lead the party into the next general election.

Fine Gael, the main opposition party, also lost ground, but the small Irish Labour party made substantial gains, almost doubling its number of council seats. Ireland's Green Party won a number of seats.

The east German economy has had a traumatic 12 months since monetary union

Treuhand sell-off gains momentum

By David Goodhart in Berlin

THE east German economy has had a traumatic time in the 12 months since German monetary union on July 1 1990, and no less so the Treuhand agency charged with privatising it.

Privatisation is finally gaining momentum but today's anniversary will not be cause for celebrating in the streets; it falls on the day that various employment protection measures in east Germany are terminated, which will probably cause unemployment to double by the end of the year from the current 900,000.

The engineering industry's one-year ban on job losses, which has been fairly strictly observed, falls away, as do the jobs of hundreds of thousands of former East German civil servants.

Many of the 1.9m workers on short time will also stop receiving a company top-up and will have to make do with support from Bonn that is little more than unemployment benefit.

The Treuhand itself intends to shed by the end of the year half the 2.8m workers in its 8,000-plus enterprises.

Is a "hot autumn" of factory occupations likely? Mrs Birgit Breuel, head of the Treuhand, dismisses such talk as irresponsible and praises the "immense common sense" of the east Germans. But she admits to being shocked at how many people she has met who yearn for the certainties of the old communist regime.

Speaking to the Financial Times before a one-week marketing tour of Japan, she was cautious about raising false hopes. Her less restrained officials say the time is ideal for a "second wave" of privatisation. Most of the political and legal uncertainties of the first wave (such as those surrounding property ownership) have been dealt with; there is no need to buy blind, thanks to better information about companies (4,000 have certified balance sheets); and there are still many bargains, thanks to the Treuhand's willingness to cover most risks and virtually give companies away if a buyer is prepared to invest.

Uncertainties remain – over the procedure in competitive bids and the legal status of investment pledges – but 2,200 companies have been sold, bringing promises of DM60bn (£20.4bn) in new investment. In May alone 544 companies were sold, more than for the whole of 1990, and 15 to 20 deals are struck each day.

The building sector, breweries, sugar, retailing, publishing, hotels and energy are all virtually sold out. And Mrs Breuel reveals that three of the Treuhand's 15 regional offices – Rostock, Schwerin and Cottbus – hope to have sold all their companies by year's end.

Foreigners remain cautious and have bought only 81 companies, mainly through west German subsidiaries. France leads the field with 18 purchases, Switzerland 14, Sweden nine and the US eight. Officials admit some may have looked too soon, before the "second wave" benefits emerged.

Beside Mrs Breuel's desk sits a small photograph of Mr Detlev Rohwedder, the Treuhand's first leader, who was shot dead by terrorists in April.

When he agreed at the time of monetary union to take over the organisation, then based in East Berlin's Alexanderplatz, it had 400 staff and scarcely a facsimile machine or phone connected to the west. Most of the senior staff were former officials of the old regime, many of whom had doubts about the priority given to privatisation.

By contrast, Mrs Breuel, a rather stern 53-year-old, now sits in Berlin's biggest and most forbidding office block, built in 1936 for the Luftwaffe, and presides over an organisation of 3,000 people. Most of the senior staff in Berlin and the regional offices are west German businessmen, and the organisation is so well equipped that people from neighbouring rooms send faxes to each other.

It is, however, an organisation still in its formative stages.

Officials confide that the chaos of the first few months has subsided but that qualified staff are still lacking in the crucial area of company sales. "To begin with, the organisation was far too reactive, merely rubber-stamping deals that had been done between west German companies and east German bosses," one official says.

Birgit Breuel: cautious

To the fury of ordinary workers, many of those deals gave privileges to their bosses. Mrs Breuel is aware of the anger but says most of the required expertise has now been assembled and "we are learning by doing".

She says it is unrealistic to talk of bringing in 30,000 west German managers to replace the east German bosses who mainly pre-date the revolution. But she stresses that 2,000 principally west German non-executive chairmen are in place, which is encouraging "twinning" between west and east German companies.

Soviet jobless benefit marks end of an era

THE GROWING number of unemployed in the Soviet Union can expect to receive a minimum benefit once they register as jobless from today – as the era providing an iron guarantee of work officially ends, writes John Lloyd in Moscow.

That guarantee has been breached more often than observed in recent years as enterprises laid off workers without pay to avoid bankruptcy. Many plants keep going on cheap government credits or by extending loans to each other – a practice which is likely to end as subsidies are withdrawn.

Only 10 per cent of the unemployment benefit will be paid by central authorities, with the remainder made up by republics. Rates will differ widely – with Russia being among the most generous, guaranteeing 45 to 75 per cent of salary for the first three months of unemployment. Businesses must pay 1 per cent of profits in tax to fund the benefits.

Forecasts of unemployment levels vary widely. The Institute of Employment Problems said 7m people would lose their jobs by the end of the year. The National Foundation for Protection Against Unemployment has forecast 11m unemployed in 1991.

Madrid deregulation proves no model for single market

Spain has kept an enviable quota in the hands of a government-owned refinery, writes Tom Burns

POWERS to break up national cartels have become an important weapon in the European Commission's battle to ensure that the single market does not just favour the corporate few.

But recent events surrounding the dissolution of Spain's once all-powerful government petroleum distribution monopoly show that the EC's competition authorities can still be frustrated by national governments acting on behalf of national champions.

Seen from Brussels, the Spanish government's deregulation looks suspiciously like a case of changing things so that everything remains more or less the way it was before. It has allowed in, *malgré lui*, two European multinationals but it has kept an enviable market quota in the hands of the government-owned refinery.

Critics say Madrid has not so much opened up the lucrative sector to foreigners as forced them into buying high-priced domestic companies in order to gain a beach-head in Spain. And if things had gone as the government had originally hoped, British Petroleum and France's Elf Aquitaine would never have acquired their present market share.

"The proof that we have not put up any obstacles is the way in which BP and Elf have entered our market," says Industry Minister Claudio Aranzadi. But EC officials

THE EUROPEAN MARKET

remain unconvinced, and believe that far from being an exemplary case study of deregulation, the break-up of the Spanish petroleum monopoly has been marked by discrimination against foreigners from beginning to end.

The story began in the run-up to Spain's 1986 entry into the EC when the four private Spanish refiners that then existed were given a stake in the monopoly distributor Campsa, which remained in the control of Repsol, the holding company of the state's energy interests.

Its final chapter will be written at the end of this month when Campsa's 4,000-or-so petrol stations are divided up among the company's three remaining shareholders, Repsol, Cepsa – since last year part-owned by Elf – and Petromed, which BP bought last month. Repsol, which acquired one of the private refiners, Petronor, in 1989, will gain the lion's share of the distribution points by virtue of its 65 per cent stake in Campsa and will keep the Campsa brand name as well.

Cepsa, which purchased a second private refiner, ERT, in a deal with Elf earlier this year, will stand to gain around 25 per cent of the gas stations;BP's subsidiary, Petromed will obtain the remainder.

At face value, the carve-up of Campsa does look as if it has been conducted by a diligently European-minded administration. After all, nowhere else in Europe outside their home bases do BP and Elf, which is due to raise it 20 per cent shareholding in Cepsa to 35 per cent, control such a sizeable proportion of the market as they do in Spain.

The truth, however, is that it was never the government's intention to let the two multinationals into Spain when it drew up the blueprint for the end of Campsa's monopoly. The government's decision, in advance of EC entry, to diversify Campsa's shareholding among the domestic private companies was only a token gesture towards the Commission's deregulation rulings, a key element of which is that the break-up of monopolies should not involve discrimination towards foreigners.

What the government had hoped for when it drew the domestic refiners into Campsa's shareholding, was that Cepsa and Petromed would join forces and that the spoils of the petroleum monopoly would be divided between Repsol and a strong private-sector company. The plan looked feasible when in 1989 Banesto, which then was Petromed's main shareholder, and Banco Central, which remains the chief shareholder of Cepsa, announced a banking merger. That linkup was stillborn and so was the union of the two biggest private refiners.

Both banks then looked to foreign companies to buoy up their oil assets, Central inviting Elf in as a major partner and Banesto opting to sell its stake in Petromed to BP, thus paving the way for the UK company's bid for outright ownership of the refiner. While BP and Elf may have a strong position in the domestic market as a result of the carve-up, Spain's retail petrol market is as good as closed to other European distributors.

Madrid, in the Commission's view, has also been found wanting over a complex issue that involved the authorisation of additional service stations, which would allow foreign oil companies to distribute their products in Spain. Only with reluctance did the government alter rulings on the mandatory distance between service stations and create what was known as the parallel distribution network alongside Campsa's monopoly network.

The parallel network consists of some 700 service stations against the more than 4,000 Campsa ones. It has proved to be unenticing to the foreigners, because all the best locations were already taken up by the existing network.

The Commission believes that new entrants into the Spanish market have taken up less than 100 options for distribution in the new network and that the overwhelming majority of the extra stations will be serviced by Repsol, Cepsa and Petromed, either directly or through subsidiary companies.

Repsol and the Spanish government have every reason to feel satisfied with deregulation Madrid-style. BP and Elf certainly have little to complain about.

But other leading European oil companies, such as Shell and Total, for example, have cause to feel disgruntled; the Commission will certainly not be touting the episode as a model for the single market.

INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT

Yearly data for retail sales volume and industrial production plus all data for the vacancy rate indicator are in index form with 1985=100. Quarterly and monthly data for retail sales and industrial production show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. The unemployment rate is shown as a percentage of the total labour force. Figures for the composite leading indicator are end-period values.

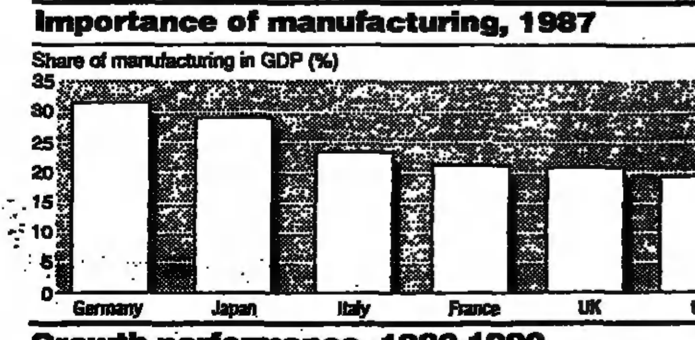
	UNITED STATES					JAPAN				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.3	96.3	7.4	96.0	98.4	96.7	96.4	2.7	100.5	93.9
1985	100.0	100.0	7.1	100.0	102.9	100.0	100.0	2.6	100.0	96.5
1986	105.7	101.0	6.9	97.8	106.0	106.4	99.7	2.8	94.3	105.2
1987	108.3	105.9	6.1	105.0	109.8	113.5	103.1	2.8	108.3	115.2
1988	112.2	111.6	5.4	106.2	114.4	122.7	112.9	2.5	135.9	122.7
1989	114.7	114.5	5.2	99.4	113.3	132.7	119.9	2.3	147.0	126.0
1990	114.2	115.7	5.4	84.3	109.5	141.9	125.3	2.1	149.7	123.7
2nd qtr.1990	−0.2	0.6	5.3	88.0	114.5	14.5	3.6	2.1	149.0	125.0
3rd qtr.1990	−1.2	2.2	5.5	83.5	111.9	7.6	6.9	2.1	146.4	124.5
4th qtr.1990	−2.1	0.3	5.8	72.7	109.5	2.8	6.9	2.1	153.2	123.7
1st qtr.1991	−4.2	-2.3	6.4	63.7	111.4	3.1	6.0	2.0	148.1	123.9
June 1990	0.1	1.6	5.2	86.8	114.5	12.9	3.1	2.2	148.1	125.0
July	0.0	2.4	5.4	87.0	113.9	8.6	7.1	2.1	152.5	125.3
August	−1.8	2.1	5.6	83.5	113.0	6.6	5.1	2.1	145.7	124.9
September	−1.8	2.2	5.6	79.8	111.9	7.5	5.5	2.2	141.3	124.5
October	−1.2	2.0	5.8	76.3	110.2	2.5	8.0	2.2	157.6	123.9
November	−1.5	0.2	5.8	71.0	109.6	3.0	6.6	2.1	148.2	123.5
December	−3.5	−1.3	6.0	70.9	109.5	3.0	6.1	2.1	153.7	123.7
January 1991	−5.9	−0.6	6.1	65.8	110.0	4.3	7.7	2.0	158.3	123.6
February	−3.5	−2.6	6.4	64.0	110.6	2.4	6.9	2.0	148.5	124.0
March	−3.3	−3.6	6.8	61.3	111.4	2.5	3.5	2.1	142.6	123.9
April		−3.2	6.5		111.5		3.8	2.1	152.6	123.6
May		−3.3					3.9			

	GERMANY					FRANCE				
	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	98.2	96.4	7.1	83.4	99.8	98.3	99.3	9.7	99.3	98.1
1985	100.0	100.0	7.2	100.0	103.9	100.0	100.0	10.2	100.0	101.4
1986	103.6	102.5	6.4	136.4	103.5	102.4	101.2	10.4	107.4	108.1
1987	107.4	102.8	6.2	149.4	104.5	104.5	103.1	10.5	118.0	107.2
1988	110.5	106.5	6.2	164.7	110.6	107.9	107.3	10.0	134.6	111.9
1989	113.6	111.8	5.6	218.9	113.3	109.6	111.2	9.4	159.1	111.4
1990	122.7	117.5	5.1	261.4	113.9	110.1	112.5	9.0	163.0	105.4
2nd qtr.1990	5.9	4.7	5.2	263.7	114.0	1.6	1.9	9.0	170.7	110.4
3rd qtr.1990	12.7	5.6	5.1	263.8	115.1	−0.5	2.2	9.0	162.8	106.7
4th qtr.1990	8.1	5.1	4.7	256.7	113.9	0.6	-0.3	9.0	146.3	105.4
1st qtr.1991	11.8	4.8	4.5	269.7	111.7	−0.4	0.6	9.2	130.3	105.6
June 1990	5.2	4.4	5.2	266.2	114.0	1.6	1.0	9.0	181.8	110.4
July	14.2	5.1	5.1	269.3	114.8	0.7	2.3	9.0	183.4	109.6
August	11.6	5.6	5.1	265.8	116.2	−1.2	2.3	8.9	164.5	108.3
September	12.5	6.2	5.0	257.5	116.1	−1.1	2.1	9.0	159.7	106.7
October	8.3	6.2	4.8	254.8	114.6	4.2	1.3	9.0	154.5	105.8
November	9.2	5.5	4.7	258.1	114.5	−2.8	−0.6	9.0	146.5	105.4
December	6.7	3.8	4.6	263.1	113.9	0.6	−1.6	9.0	138.1	105.4
January 1991	14.0	5.9	4.5	266.0	112.7	−0.3	1.3	9.1	134.4	105.2
February	9.9	4.0	4.5	267.2	112.1	−1.6	2.1	9.2	127.5	105.2
March	11.1	4.6	4.4	273.8	111.7	0.6	−1.7	9.3	129.3	105.5
April	7.8	5.7	4.4	278.8	111.6		−0.3	9.4	126.5	106.5
May				261.3						

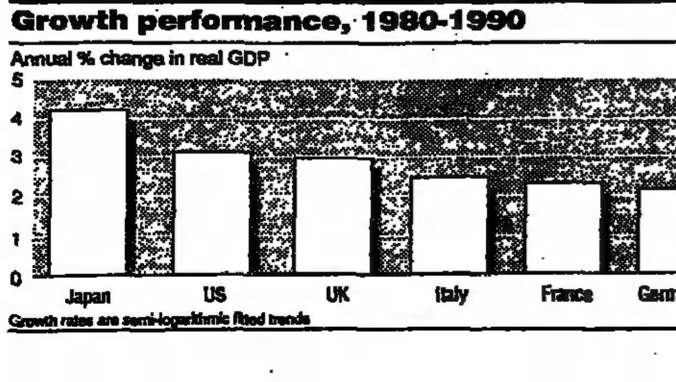
	ITALY				UNITED KINGDOM				
	Retail sales volume	Industrial production	Unemployment rate	Composite leading indicator	Retail sales volume	Industrial production	Unemployment rate	Vacancy rate indicator	Composite leading indicator
1984	95.4	96.5	9.3	101.2	95.6	94.8	11.7	93.7	100.7
1985	100.0	100.0	9.6	103.8	100.0	100.0	11.2	100.0	102.4
1986	107.6	103.2	10.4	110.6	105.2	102.4	11.2	116.1	105.3
1987	113.4	108.8	10.9	112.7	110.7	105.7	10.3	141.2	109.6
1988	109.7	114.2	10.9	117.6	117.7	109.6	8.5	144.3	108.4
1989	117.4	118.7	10.9	115.9	119.9	109.9	7.1	124.2	106.2
1990		117.9	9.8	112.8	120.4	109.1	6.9	97.8	102.6
2nd qtr.1990	−4.5	0.9	9.7	115.8	1.2	2.5	6.7	108.8	105.2
3rd qtr.1990		−1.2	9.8	114.7	0.6	−2.0	6.9	93.8	104.1
4th qtr.1990		−4.2	9.8	112.8	-1.2	−3.3	7.3	76.3	102.6
1st qtr.1991		−1.8	10.0	113.5	-0.7	−3.1	8.2	82.0	103.0
1990 June	−2.3	−0.8	n.a.	115.8	0.8	4.4	6.7	104.2	105.2
July	−3.6	−1.3	n.a.	115.2	2.3	−0.8	6.8	97.1	105.1
August	−4.3	−1.1	n.a.	114.6	-0.4	−2.6	6.9	94.6	104.5
September		−1.2	n.a.	114.7	-0.1	−2.4	6.9	89.7	104.1
October		−3.0	n.a.	114.2	-0.9	−2.3	7.0	80.6	103.7
November		−4.1	n.a.	113.6	-1.4	−3.5	7.3	75.0	103.2
December		−5.5	n.a.	112.8	-1.2	−4.1	7.6	72.9	102.6
1991 January		0.0	n.a.	112.3	-1.5	−3.8	7.8	81.5	102.0
February		−2.5	n.a.	112.5	-2.6	−2.1	8.1	83.3	102.3
March		−2.9	n.a.	113.5	1.8	−3.4	8.6	81.3	103.0
April		−4.1	n.a.	114.7	-2.1	−6.8	8.9	70.9	103.6
May			n.a.		-2.9			62.7	

All series seasonally adjusted. Statistics for Germany apply only to western Germany. Data supplied by Datastream and WEFA. Retail sales volume: data from national government sources except Japan and Italy (value series deflated by OECD using CPI). Refers to total retail sales except France and Italy (major outlets only) and Japan (department stores only). Industrial production: data from national government sources. Includes mining, manufacturing, gas, electricity and water supply industries except Japan (mining and manufacturing only) and UK (also includes construction industries). Unemployment rate: OECD standardised rate which adjusts as far as possible for the different definitions of unemployment used in official sources. Vacancy rate indicator: relevant vacancy measure divided by total civilian employment, expressed in index form. Derived from OECD series. US - help wanted advertising, Japan - new vacancies, Germany and France - all jobs vacant, Italy - no data available, UK - unfilled vacancies. Composite leading indicator: OECD data. Each is a combination of series, cyclical fluctuations in which generally precede cyclical fluctuations in general economic activity.

Importance of manufacturing, 1987



Growth performance, 1980-1990



Growth rates are semi-logarithmic fitted trends

On the (un)importance of manufacturing

ALL AREAS of economic activity are equal, but manufacturing, as George Orwell would have said, is more equal than others. So Mrs Edith Cresson, the new French prime minister, believes; judged by its economic programme, the Labour party holds a similar view; and it goes virtually without saying that those who manage manufacturing enterprises hold hard to the same faith. But is it true?

Probably not, at least if one accepts growth of overall economic output as the test of economic success. The chart indicates that substantial differences do exist in the share of manufacturing in gross domestic product (GDP) among the six largest industrial countries. It also shows that between 1980-90 there were substantial differences in rates of overall economic growth. But – unhappily for those who believe manufacturing industry is the key to economic success – there was no correlation between the two.

Germany had the largest manufacturing sector in relation to GDP. But in the 1980s German GDP grew slower than that of all the other countries.

Meanwhile the US and UK, the two countries with the lowest share of manufacturing in GDP, had the second and third highest rates of economic growth respectively. Their growth rates were surpassed only by that of Japan.

Japan also had a high share of manufacturing in GDP. But then Japan seems to be the exception that proves any economic rule.

Such data can hardly be conclusive. Some may argue, for example, that relative size is not a good indicator of industrial prowess. But many would happily agree that Japan and Germany have the strongest manufacturing sectors.

Some may also argue that a decade is not long enough to assess economic performance. Both the US and the UK are now in recession. Meanwhile Germany is growing rapidly. Thus the picture may soon change in the more expected direction. But the source of the present rapid German economic growth is unification, not the strength of German manufacturing.

If a relatively large manufacturing sector is not a sign of overall economic strength, of what is it a sign? It is an indication of a large trade surplus in manufactures. The proportion of income spent on manufactures does not differ much among countries with comparable incomes per head. Accordingly, the relative size of the manufacturing sector is closely related to a country's trade position.

In 1988, Japan and Germany had trade surpluses in manufactured goods of $180bn (£109.7bn) and $114bn respectively, equal to 22 and 30 per cent of value added in manufacturing, while Italy's surplus was $28bn (15 per cent). Meanwhile, France had a deficit of $7bn (3 per cent of value added in manufacturing), the US of $121bn (14 per cent) and the UK of $29bn (19 per cent). These surpluses and deficits (adjusted for the sizes of the manufacturing sectors) are closely correlated with the relative size of manufacturing among these countries (see chart).

Large surpluses and deficits in manufacturing are explained by resource endowments and by capital flows. Countries poor in natural resources, like Japan, Germany and Italy, depend on manufactures for virtually all their exports and import substitutes. France has more agriculture, the UK has oil and the US a range of natural resource products.

More important, in a world of integrated capital markets a country with desired savings in excess of desired domestic investment will generate a current account surplus. Such a surplus necessitates an excess of production of tradable goods and services over consumption. In the case of industrial countries that converts virtually automatically into the surpluses in manufactures seen for so long in Japan and Germany.

That the surplus can dwindle without weakening the economy can be seen in Germany. As savings have been absorbed domestically in the reconstruction of eastern Germany, the trade surplus has diminished rapidly. In April 1991 it disappeared altogether.

The share of output of manufactures in all-German GDP will probably be lower than it used to be in west Germany. But this is no sign of economic weakness. On the contrary, it reflects a newly refound economic dynamism.

Martin Wolf

● *In recent weeks the FT has published the following tables: National Accounts (May 13), Prices and Competitiveness (June 10), Balance of Payments (June 17), and Money and Finance (June 24). Back issues can be obtained by writing to the Back Issues Department at the FT or by telephoning 071-873-4683/4*

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UK NEWS

Labour's opinion poll lead over Conservatives cut

By Ralph Atkins

LABOUR'S national lead over the Tories has fallen to 1 or 2 percentage points, according to weekend opinion polls which come as the opposition party prepares to fend off a rebel Labour challenge in Thursday's Liverpool Walton by-election.

After recent opinion polls pointing to a lead as high as 10 per cent, Labour's advantage over the Conservatives has been cut to 2 percentage points in a Sunday Times/Mori poll and 1 percentage point according to an NOP poll for The Mail on Sunday.

The weakening of support prefaces what could be an uncomfortable week for Labour in Liverpool Walton, where it is hoping for a convincing win over the rebel Labour candidate. It will cheer Conservatives, suggesting splits over Europe have not been as damaging as feared.

The campaign team of Mr Peter Kilfoyle, the official Labour candidate, launched a vigorous onslaught on Ms Lesley Mahmood, the rebel "Real Labour" candidate at the weekend, linking her to the extremist Militant group of revolutionary socialists.

A Labour leaflet said Ms Mahmood, who has been expelled from the party, was a "prominent member of the Militant tendency, attending their meetings and writing for the Militant newspaper".

A stronger than expected performance by Ms Mahmood will be seized by the Conservatives to embarrass the Labour leadership. Labour is seeking to turn the contest into a referendum on the running of Liverpool.

Meanwhile, the Liberal Democrats attempted to gear up their campaign at the weekend and said 800 party activists had distributed leaflets in the constituency twice. Liberal Democrat officials said the contest was now clearly between their candidate and the official Labour candidate.

Local opinion polls suggest Labour will win with a comfortable majority on Thursday, with the Liberal Democrats second. Ms Mahmood is expected to come third with the Conservative candidate fourth.

Nationally, the Conservatives are likely to have been encouraged by yesterday's opinion polls, although the revival in their fortunes may prove shortlived.

Labour would not comment publicly but appeared to believe that because the polls were carried out before Mrs Margaret Thatcher's announcement of her retirement as an MP they might reflect sympathy for Mr John Major because of the disruption caused by his predecessor.

Labour officials appeared to accept that the Liverpool contest might have damaged the party's standing in the short term. They remain convinced, however, that the party's "bedrock" support has remained consistent at about 40 per cent.

The Sunday Times/Mori poll, which put Labour at 41 per cent against the Conservatives 39 per cent and the Liberal Democrats 15 per cent, showed voters have become gloomier about economic prospects.

The Mail on Sunday/NOP poll put Labour on 42 per cent, the Tories on 41 per cent and the Liberal Democrats on 13 per cent.

ATI deals traced in report to creditors

By Clay Harris

ADVENTURE Travel International, the school tours operator whose failure has already cost the Association of British Travel Agents more than £1.7m, is unlikely to recoup a £77,220 loan it made to a property company owned by its directors.

The disclosure of the loan and subsequent transactions, in a report to ATI's creditors, throws more light on the company's business methods before it ceased trading on March 27, owing more than £2.5m.

ATI lent money in 1988 to Workmore, a company owned by one of its then-directors, Mr David Constance, and his wife.

According to the report to creditors by Mr Alan Marlor, ATI's joint administrative receiver, the loan was made to enable Workmore to buy three properties.

Workmore owns flats in Brighton, Hove and Portslade, all in West Sussex, according to records at Companies House. On October 31 1989 the outstanding loan from ATI was just over £85,000.

Between then and December 31 1990 Mr Nigel Parker, ATI's other director, joined Mr Constance as a director and part-owner of Workmore.

Mr Marlor's report says ATI sought repayment of the loan in November 1990. Because Workmore had no working capital, he said, it was agreed that Mr Andrew Amess, Mr Vaughan Phillips and Mr Graham Lightburn "would each purchase one of the properties from Workmore, financed by mortgages from Abbey National".

All three men were employees of ATI at the time. Mr Amess became its sole director after Mr Constance and Mr Parker resigned in January 1991, although they were active in its affairs as consultants until it ceased trading.

Mr Phillips has just bought Culmington Manor, a Shropshire holiday centre, from Hostwell, a company owned by Mr Parker and Mr Constance. They, in turn, had bought the manor from ATI only in January. They orally granted Mr Phillips a contract to manage it the day after ATI ceased trading.

In the case of the Sussex investment properties, Mr Marlor said: "The amount raised on the mortgage was paid to Workmore, which settled its own mortgage liability on the property and repaid part of the balance due to ATI. The individuals concerned hold the properties in trust for ATI but there are covenants to the effect that ATI will pay the mortgage outgoings and at demand settle the mortgage."

His report continued: "The precise effect of this transaction is uncertain, but as the properties are tenanted, and were purchased at valuation in November of 1990, it is not likely there is any equity." Mr Marlor told ATI creditors last Monday that Workmore is subject to a winding-up petition.

Separately, Mr Marlor's report to creditors stated: "My solicitors are currently investigating ATI's connection with a French company, SARL Adventure Tourisme International, in which ATI apparently has a 98 per cent shareholding. There is to date no evidence that the company has any assets."

Thatcher resolute on foundation

MRS MARGARET THATCHER yesterday reaffirmed her determination to set up an organisation to propagate her vision of free-market economics, Ralph Atkins writes.

The Thatcher Foundation will open offices in several capitals with the aim of showing other countries, particularly those in eastern Europe, how to move to free enterprise and democracy.

Her comments in interviews came after suggestions that her enthusiasm had waned because of fund-raising difficulties.

Her project could clash with preparations by the Foreign Office for an independent organisation to promote political parties in fledgling democracies. That plan was announced last October by Mr Douglas Hurd, foreign secretary.

Midlands plant to supply Toyota

JOHNSON Controls Automotive, a subsidiary of Johnson Controls of the US, is to spend £8m on a plant at Burton upon Trent to assemble seats for a new Carina car model from Toyota of Japan. The model will be assembled from next year at a complex being built near Derby at which up to 150 jobs will be created.

Some parts will be supplied from other Johnson plants in Europe, and Toyota is compiling a list of 150 parts suppliers with the aim of reaching an EC content of 85 per cent for the Carina by 1995.

Lloyd's losses may be over £1bn

LLOYD'S of London may lose more than £1bn in its 1989 and 1990 years, according to a report on the future of the insurance industry published today.

Mr John Ginarlis of PA Consulting Group, author of the report, says problems at Lloyd's are a symptom of a deeper malaise in the industry worldwide. He predicts a painful shake-out in which the biggest companies continue to enlarge their market share.

General Insurance in Crisis. PA Consulting Group, Buckingham Palace Road, London SW1W 9SR. £1,025.

Pension warning

THE National Association of Pension Funds said a European Court of Justice ruling against discrimination between men and women in the age of retirement would damage company schemes if it applied before the court had made its decision.

Barlow Clowes fraud trial starts tomorrow

By Raymond Hughes, Law Courts Correspondent

THE TRIAL of four men, arising out of the collapse in 1988 of the Barlow Clowes fund management empire, will start tomorrow. It is the last of three big fraud trials to come to court in the past 18 months – the others being Guinness and Blue Arrow – and is expected to last between six and nine months.

Mr Peter Clowes and three of his former associates – Mr Peter Naylor, Mr Guy Cramer and Mr Christopher Newman – are accused of stealing £16.9m from people who invested in Barlow Clowes managed funds in Gibraltar. Mr Clowes faces 10 theft charges, Mr Naylor four, Mr Cramer six and Mr Newman seven. Most are joint charges involving two or three of the defendants.

Mr Clowes, Mr Naylor and Mr Cramer are also jointly charged with conspiring to contravene section 13(1) of the 1958 Prevention of Fraud (Investments) Act, which deals with false statements made to induce people to invest. Mr Clowes alone is accused of eight offences under the subsection.

Mr Naylor, a computer consultant, was formerly a director of James Ferguson Holdings, the Barlow Clowes parent, of which Mr Clowes had been chairman. Mr Newman, a chartered accountant, had been finance director of James Ferguson Holdings, of which Mr Cramer, a former market trader, had been chief executive.

Mr Clowes' empire collapsed in June 1988. The Gibraltar-based Barlow Clowes International was found to be insolvent and owing £138m to 11,000 investors who had put their savings into what they believed were portfolios of British government securities.

Barlow Clowes Gilt Managers, based in Cheshire, in which 7,000 people had invested about £54m, was compulsorily wound-up by the High Court on a petition by the Securities and Investments Board. Both companies are now in the hands of administrators and there are civil court proceedings to try to resolve disputes about the respective entitlements of various classes of investors to the available funds.

Mr Clowes was arrested on June 15 1988 and released on £300,000 bail, later increased to £500,000. Mr Naylor, Mr Cramer and Mr Newman were arrested on December 8 1988.

Bail was set at £500,000 for Mr Naylor and Mr Cramer and £200,000 for Mr Newman. Mr Newman has been granted legal aid for his defence.

The case was transferred from Guildhall magistrates' court in London to the Old Bailey in March last year under the new procedure enabling cases of alleged serious fraud to go direct to a crown court, instead of going through the usual committal proceedings before magistrates.

The trial, before Mr Justice Phillips, a judge with a commercial law background, and a jury, will take place in the Chichester Rents annexe to the Old Bailey in Chancery Lane.

The courtroom is on the floor above that in which the Blue Arrow trial has been taking place since mid-February.

The SFO's prosecution team will include five barristers, headed by Mr Alan Suckling QC and Ms Mary Arden QC.

Barlow Clowes accused: (clockwise from top left) Peter Clowes, Peter Naylor, Christopher Newman and Guy Cramer

Volume of direct mail down 14% in quarter

By Alice Rawsthorn

DIRECT MAIL, until recently one of the robust areas of the marketing services industry, is suffering in the recession, according to the Direct Mail Information Service.

The volume of direct mail – the "junk mail" or promotional material sent through the post – fell 14 per cent to 556m items in the first quarter of this year, according to the latest DMIS data. Spending on direct mail fell 4 per cent to £233m in the same period.

Direct mail emerged as one of the fastest-growing sectors of marketing services in the 1980s, when it showed far faster growth than traditional media advertising. The industry benefited from the increase in marketing expenditure and also from the trend for companies to direct their sales messages at particular groups.

Direct mail expanded by 29 per cent to £979m in 1990, according to the Advertising Association, while the overall advertising market grew 3 per cent to £8.86bn.

BA calls for data standard

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS is urging international airframe and aero-engine manufacturers to *adopt a common standard* to allow the widespread introduction of compact disc (CD) technology into aircraft maintenance.

BA is the first airline to *introduce CD technology* in its maintenance operations by converting the manuals for its Boeing 757 and 767 twin-engined jets from the traditional microfilm system to the new CD Read Only Memory (CD-ROM) system.

American Airlines, the largest US carrier, is testing the introduction of a CD-ROM system for its entire Boeing, McDonnell Douglas and Airbus airliner fleet.

BA is pressing other airlines to adopt the new system. It wants the establishment of a common standard to enable the same hardware and software to handle CDs from all aerospace manufacturers.

However, manufacturers are unable to agree on a method of adopting maintenance schedules and parts manuals into a common CD system that would allow similar equipment to be used to display maintenance information.

CD technology is revolutionising the way maintenance *information* is handled by commercial airlines. The technology is increasingly being adapted to areas of business and industry involving large volumes of documentation.

BA plans to extend CD technology to the maintenance of its Boeing 747-400 jumbos.

BA first tested CD technology a few years ago, with Boeing and Maxwell Data Management.

- The storage and retrieval of information published in newspapers is an obvious application for the new technology. From September this year, for example, the full text of the Financial Times will be available on CD-ROM.

It will be published by FT Profile, the Financial Times's business information organisation.

Bank forecasts slow recovery

By Jim McCallum

THE UK will begin a slow rise out of recession later this year as lower interest rates begin to revive consumer confidence, *says* a National Westminster Bank report published today.

Any upturn in consumer spending, however, will be weakened by a further rise in unemployment and is unlikely *to hasten recovery* in industrial output, which remains weak, says the report.

The NatWest forecast coincides with a report also released today by Dun & Bradstreet, the information consultancy, which is expected to show that the high level of business failures shows no sign of abating. NatWest's report already detects the first signs of recovery in consumer spending in the government's retail sales figures and expects a slow recovery in the third quarter before a "fairly marked" upturn in the last three months of this year.

With inflation forecast to fall to 3.5 per cent in the autumn and the government likely to strengthen its commitment to sterling's position in the exchange rate mechanism of the European Monetary System, there will be scope for interest rates to be cut by 1¼ points to 10 per cent this year.

NatWest believes the government will bolster the pound's position in the ERM by moving it later this year to the narrow 2¼ per cent fluctuation band, which will allow interest rates to fall to 9½ per cent by next spring.

In the corporate sector *investment* continues to fall sharply. NatWest estimates that by autumn total investment will be down 15 per cent from its peak in early 1990.

Economic and Financial Outlook. Market Intelligence Dept, National Westminster Bank, 41 Lothbury, London EC2P 2BP.

Government warned on sterling value

By Jim McCallum

THE government is warned today in a report by the *London* Business School not to jeopardise sterling's position in the exchange rate mechanism of the European Monetary System by hasty reductions in interest rates.

The LBS, in its thrice-yearly UK economic forecast, says holding the pound close to its current level offers the best opportunity for a lasting reduction in inflation to continental European levels.

The LBS believes there is cross-party commitment to avoiding a realignment of sterling to a new lower level in the ERM. In spite of speculation in the City that a future Labour government would seek to devalue sterling, the LBS believes British governments will remain committed to the present European exchange rate levels.

With the pound likely to be buffeted by uncertainty in the approach to a general election, which must be held by July 1992, predicting the course of interest rates in the next year will be *"extremely difficult,"* says the LBS.

Nevertheless, a ½ point fall in base rates to 11 per cent over the summer and a further 1 point cut next year is possible without undermining the pound.

If the government does avoid a realignment of sterling, inflation will remain below 4 per cent and allow interest rates to fall to 9 per cent by 1994 and 8 per cent for the second half of the decade.

The LBS believes there is still no firm evidence that a recovery is under way, although it also says the recession does not appear to be worsening.

This suggests the economy is close to a turning point and there should be a recovery in the second half of the year.

But with unemployment expected to rise by a further 400,000 in 1992 to 2.7m, the threat of job losses means any recovery will be muted with output not returning to its 1990 level until 1993. The shake-out in the service sector is particularly severe, with the LBS expecting 1m jobs to disappear over the next year.

There is also little prospect of the corporate sector leading a recovery. Investment is forecast to fall 8.8 per cent this year and a further 2.6 per cent next year, with a modest revival in 1993. Investment in manufacturing is expected to fall 16 per cent and in the rest of the economy 13 per cent this year.

Job losses and other cost-cutting measures by companies should, however, allow the begining of a recovery in profits later this year.

Economic Outlook, 1990-1994, Vol 15, No 9. Gower Publishing, Croft Road, Aldershot, Hampshire GU11 3HR. Annual subscription, £165 UK and Europe, £182 elsewhere.

IF sterling holds its current position in the ERM, UK inflation should start to converge on German levels by next year and interest rates should follow suit, according to the London Business School.

Unemployment will also approach the higher French and German levels. But productivity will continue to lag by 15 per cent per employee. That gap is unlikely to be closed unless investment rises and the best Continental work practices are emulated.

If the Labour party wins the next general election much will *depend* on whether the government is able to avoid a realignment of sterling.

Without a realignment, the LBS expects Labour to deliver slightly higher growth and lower unemployment but with higher inflation.

If it is unable to maintain current ERM parities and sterling is forced lower, interest rates will initially be forced higher leading to a sharper fall in employment but with inflation rising to about 6½ per cent.

The LBS says a further shock, such as a rise in oil prices or a further forced devaluation, would push inflation into double figures.

LONDON BUSINESS SCHOOL FORECASTS

	1990	1991	1992	1993	1994
GDP†	0.5	-1.9	1.6	2.6	2.7
Inflation (RPI)	9.5	5.5	3.8	3.5	3.7
Consumers' expenditure†	1.0	-1.2	1.7	2.1	2.0
Total fixed investment†	-1.9	-8.8	-2.6	3.1	3.9
Gen govt consumpt'n†	1.7	0.3	0.9	0.9	0.9
Stockbuilding‡	-0.7	-3.0	-1.7	0.5	1.5
Exports†	4.8	0.6	4.7	3.3	2.7
Imports†	1.6	-2.4	3.0	3.2	1.8
Sterling index*	91.0	92.0	90.0	90.0	90.0
PSBR (£bn, finan years)	-0.3	10.2	11.7	7.4	3.0
Current balance (£bn)	-13.8	-7.5	-10.0	-10.8	-7.5
Adult unemployment (UK, m)	1.7	2.3	2.7	2.8	2.7

Percentage change unless otherwise shown † Percentage change in volume. ‡£bn, 1985. *1985 = 100.

Source: Economic Outlook 1990-1994, July 1991

NOTICE OF REDEMPTION

AVON INTERNATIONAL FINANCE N.V.

10¼% Guaranteed Notes Due 1992

NOTICE IS HEREBY GIVEN to the holders of the 10¼% Guaranteed Notes Due 1992 (the "Notes") that, pursuant to Condition 5(a) of the Terms and Conditions of the Notes, Avon International Finance N.V. (the "Issuer") has elected to redeem all of the outstanding Notes on August 15, 1991 (the "Redemption Date") at a redemption price (the "Redemption Price") equal to 100% of their face amount, together with accrued interest thereon.

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London EC4Y 0JP

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55 Exchange Place, Basement A
New York, New York 10260-0023
Attention: Corporate Trust Operations

BEARER NOTES ONLY
Morgan Guaranty Trust Company of New York
Avenue des Arts 35
B-1040 Brussels

Morgan Guaranty Trust Company of New York
Mainzer Landstrasse 46
6000 Frankfurt am Main 1

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

Swiss Bank Corporation
1 Aeschenvorstadt
CH-4002 Basle

The Redemption Price will be paid in respect of Bearer Notes against presentation and surrender, on and after the Redemption Date, of such Notes together with all unmatured Coupons appertaining thereto. Such payment will be made (i) by cheque drawn on a dollar account or (ii) by transfer to a United States dollar account maintained by the holder with a bank in New York City.

The Redemption Price will be paid in respect of Registered Notes against presentation and surrender and will be made by cheque drawn on a bank in New York City mailed (at the holder's risk) to the holder.

Any payment made by transfer to an account maintained by the Payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees who are not recognised as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate).

On and after August 15, 1991 interest shall cease to accrue on the Notes, and the sole right of a holder shall be to receive the Redemption Price plus interest accrued on the Note to the Redemption Date.

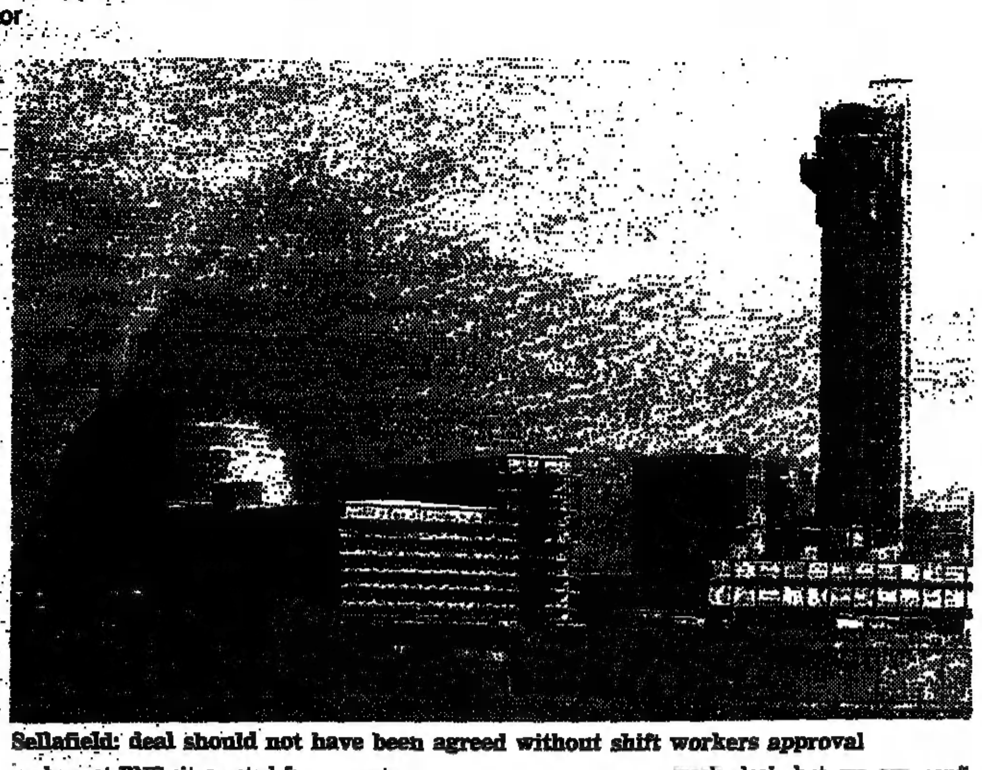
By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
Fiscal and Paying Agent

Dated: July 1, 1991

هكذا صة بالأصل

Union members protest over deal

By John Gapper, Labour Editor



Sellafield: deal should not have been agreed without shift workers approval

A UNION agreement on what would be the first 35-hour week for manual workers at a large British company has provoked strong protests from employees at British Nuclear Fuels' Sellafield reprocessing plant in Cumbria.

Two shop stewards have resigned because of unhappiness over the deal, and some of the 2,300 shift workers have threatened to stop paying union subscriptions. The shift workers say the deal should not have been agreed without their approval.

The protests could make it hard for BNF to reach detailed agreement on a 35-hour week by next March, when it is due to be implemented on all four BNF sites. The company said yesterday it hoped to overcome the problem.

The protests among shift workers have been over changes to shift patterns and the end of some allowances as part of the 35-hour week deal. Union leaders are keen for the deal to work because they see it as a model for other companies.

The main protests have come from members of the GMB general union at Sellafield. Mr Eddie Newall, GMB national officer, said the unions could not allow a single group of employees to exercise a veto over the majority decision in favour.

Although a majority of shift workers at BNF sites voted for the 35-hour week deal, Mr Newall said there had been a narrow majority against it at Sellafield. Union leaders had said it would have to be broadly acceptable to all groups.

Mr Newall said that any difficulties over changes in shift patterns could be sorted out over the next few months before the deal was implements.

Mr Jack Dromey, secretary for the joint unions at BNF, said there had been a strong vote in favour of the deal among day workers and non-industrial staff at BNF. There had been an overall majority among shift workers.

"It is par for the course that problems emerge in the implementation of any working week deal, but we are confident that those problems can be comfortably resolved in the next few months," he said.

The unions were happy with the agreement because it represents a step forward on the 37 hour week deals which have been reached in engineering over the past two years. Most manual workers are still on a 39 hour week.

CONSUMER RIGHTS

Labour claims Citizens Charter is political fraud

By Ralph Atkins

THE LABOUR party yesterday said that leaked documents showed Prime Minister John Major's plans for a Citizen's Charter to improve public services were a "political fraud".

Government ministers have rejected legislation to increase consumer rights despite a rising number of complaints against utilities such as British Telecom and the water companies, the party said.

Mr Gordon Brown, Labour party trade and industry spokesman, said the documents obtained by the opposition were discussed by the government only last week.

They showed it had also ruled out statutory ombudsmen for the utilities, compensations schemes, and tougher standards being set by ministers.

Government officials confirmed that the documents were genuine but said they did not show what ministers had decided.

The attack came as the Labour party suffered a setback to party confidence with the weekend's opinion polls showing its lead over the Conservative party had been cut to one or two percentage points.

The results, although unlikely to influence general election timing, suggest Conservative splits on Europe have not been as damaging as feared by some in the party and will help revive Tory party morale. The government plans to publish a White Paper on the Citizen's Charter later this month.

The Labour party says that three documents it has obtained show the government is shying away from proposals which would have significantly increased the power of consumers.

However, Mr John Redwood, corporate affairs minister, said on BBC Radio that Mr Brown, "has not heard or seen what ministers have been saying in response to these papers. That would be much more instructive for him."

One of the leaked documents considers the implications of a Citizen's Charter for the regulators of utilities such as Oftel and Ofwat, which cover the telecommunications and water industries respectively.

It says: "Stronger powers for regulators would probably accelerate the improvement of utility companies, but would require primary legislation, which might open the way to wider discussion of the role and performance of the regulators."

Mr Brown, together with Mr Nigel Griffiths, the party's consumer affairs spokesman, said a commitment to legislation had been dropped from a second document, a draft of the section on privatised utilities for the citizen's charter.

A third document, Mr Brown said, shows there is a rising tide of consumer complaints, running about about 3,000 a week, about the telecommunication, gas, water and electricity utilities.

Statutory ombudsmen had been rejected at least partly because it would be difficult to get approval from all government deparments. Compensation schemes have been blocked because the power to make cash settlements might become a politically controversial issue.

Mr Brown said the papers revealed, "the sham and political fraud at the heart of Mr Major's Citizen's charter. . . Ministers are prepared to forget the rising trend of complaints. They are scared to open up a debate on prices, salaries and the standards of services."

Scheme to stem job losses starts

By Chris Tighe

EFFORTS to reduce the effect of impending big job losses at two of Britain's largest workplaces begin in earnest today.

The Cumbria Action Team, led by a senior civil servant from the Department of Trade and Industry, begins work on mitigating planned total job losses of about 10,000 by 1994 at the county's VSEL shipyards and the Sellafield nuclear reprocessing plant.

The arrival in Barrow-in-Furness of Mr Geoff Cobb, the team's leader, is the first tangible result of last month's announcement by Mr Peter Lilley, trade and industry secretary, that the government wants to help the Barrow and Copeland areas combat "the severe industrial and employment difficulties" they face.

Both areas suffer from isolation, poor road links and lack of inward investment, and are dominated by two big employers. Early this year more than 12,000 people worked at VSEL's Barrow shipyards, and 15,000 at the Sellafield plant.

VSEL, however, plans to cut up to 5,000 jobs by the end of 1993 because of defence spending cuts, and at Sellafield completion of the Thermal Oxide Reprocessing Plant will mean 5,000 job losses in the same period.

Union chiefs dispute role under Labour

By John Gapper, Labour Editor

Gavin Laird: attack

A DISPUTE between union leaders over their role under a future Labour government flared yesterday when Mr Gavin Laird, general secretary of the AEU engineering union, said in his union's journal, that others were acting like "frustrated prime ministers".

Mr Laird made a veiled attack on Mr John Edmonds, general secretary of the GMB general union, whom Mr Laird accused of a "pathetic" longing "for a return to the bad old days of beer and sandwiches at Number 10 Downing Street [prime minister's residence]."

He said AEU members would not tolerate "the sight of union barons using their block votes to pursue their narrow sectional interests".

Mr Laird's attack comes amid tension among unions over their relationship with a Labour government. The tensions have been increased by arguments over the role of the "national economic assessment" supported by Labour.

Although union leaders have suggested that Labour and the unions should maintain an arm's length relationship, Mr Laird's comments are one of the strongest warnings from a senior union official.

He said it was "foolish" to suggest unions could expect to assert "disproportionate influence and control" over a Labour government. He added: "I am sometimes forced to conclude that some of our colleagues are frustrated prime ministers".

Mr Edmonds said at his union's conference in May that the TUC would expect to exercise more influence on a Labour government than the Confederation of British Industry on topics such as reforming industrial relations law.

Mr Laird said the unions needed to establish a clear divide between their role and that of a labour government. "The role of trade union leaders is to support the next Labour government and not vice versa," he said.

His remarks are a further example of the tension this year between unions representing different groups of workers as they try to formulate common policies.

Training standards fear

By Paul Cheeseright

RIVALRY between school-industry compacts and the employer-led Training and Enterprise Councils could hamper efforts to achieve higher standards of vocational training, leaders of the compact movement have warned.

Under compact, pupils and schools agree to meet specified standards of attainment while local employers guarantee pupils jobs and training.

Compact leaders are concerned that the Tecs have been given a leading role in strengthening links between education and industry under the government's Partnership Initiative. Some feel they should be leading developments instead.

This tension emerged at the first national compacts conference in Birmingham last week.

Ms Julia Cleverdon, the development managing director at Business in the Community, who chaired the conference, said Compact leaders were worried that there could be "three games in town" which would confuse employers.

"There is a danger that training and enterprise councils will not take into account the existing latticework that is there," Ms Cleverdon said.

Ms Cleverdon noted that some employers, caught in recession, are finding it increasingly difficult to honour job and training guarantees.

Mr Robert Jackson, under-secretary for employment, told compact leaders that 90,000 pupils and over 900 employees are so far involved in 52 compacts. So far 26,000 job opportunities have been created.

Professor John Woolhouse, of Warwick University, said that if the number of employers involved in compacts grew, they would be better placed to withstand economic turbulence and a volatile labour market.

African art prices steady

PARIS is acknowledged to be the world's capital for tribal art and auctioneer Guy Loudmer, who holds two major sales in the speciality each year, is one of its driving forces, writes Christopher Powell.

His latest auction of North American Indian, African and Oceanic pieces on Thursday and Friday last week confirmed there is a slowdown – but no sign of crisis – in the field, which has remained free of speculation.

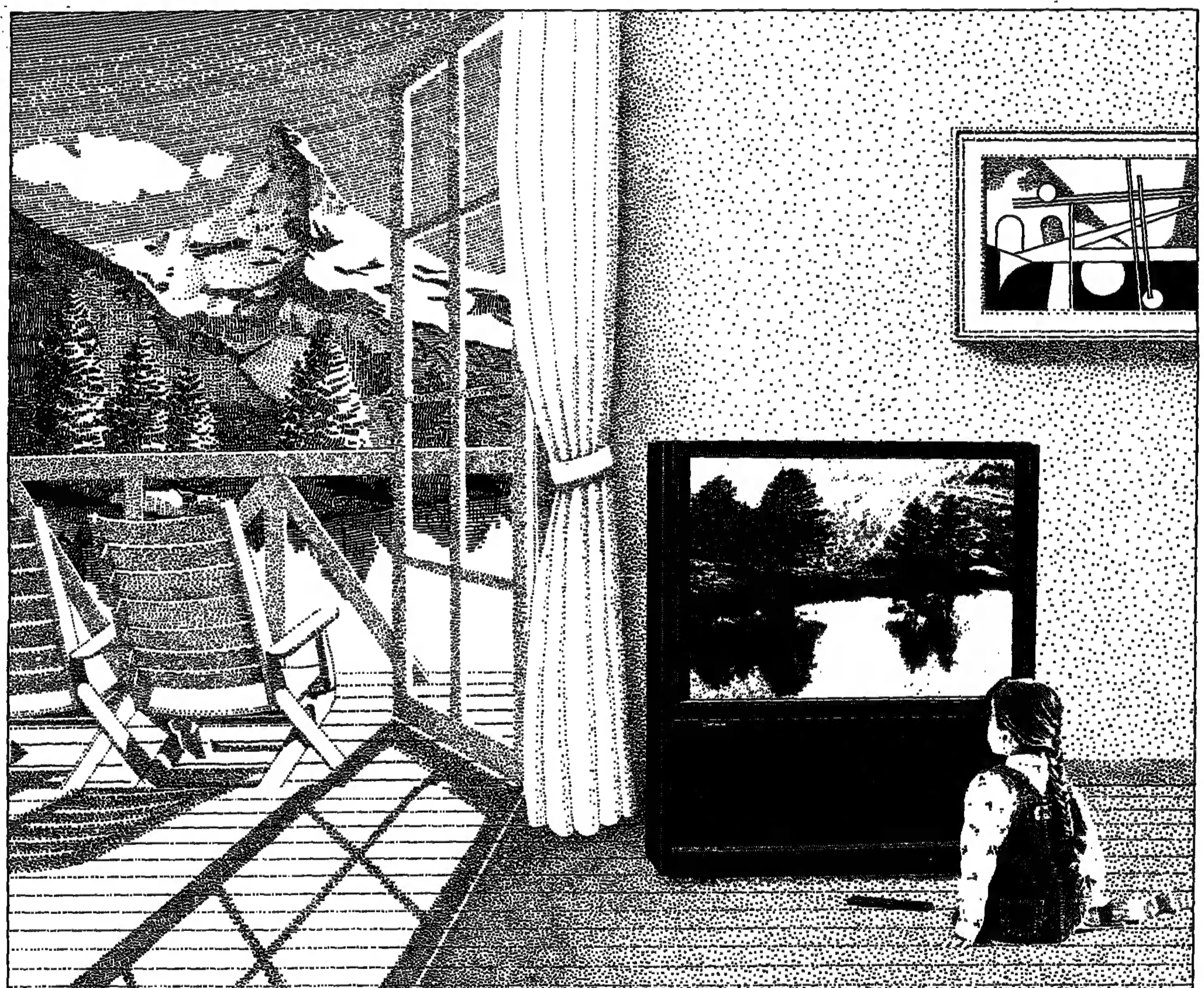
Connoisseur collectors and dealers from most countries in west Europe attended.

However, what Mr Pierre Amrouche an expert described as his "more recent clientele", mainly contemporary art critics won over to tribal art, stayed away and prices remained realistic.

Sales totalled FFr8.2m and 97 lots out of 260 were brought in for FFr4.1m and estimates were prudently low.

Rare African objects were the most sought after and an exceptional sculpted Fang head from Gabon, which had once stood symbolic guard over ancestral relics, estimated at FFr3m, was sold to a Swiss collector for FFr2.5m.

Bidding for a CongoleseKwele gorilla mask from the last century, shot up to FFr400,000 which was just under its high estimate. A Nigerian human mask from the Ben Heller collection in New York sold for FFr390,000, a feminine statue from Mali went for FFr340,000 and a seated female figure from Liberia reached FFr550,000.



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CONSTRUCTION CONTRACTS

IN BRIEF..

WATKINS GROUP has signed an £8m contract with Clerical Medical and General Life Assurance Society for the construction of offices with shops and residential accommodation at 6 Duke Street, St James's, London. The Duke Street elevations of the 1922 building will be retained up to fourth floor level for incorporation into the new building.

★★★

HIGGS AND HILL SOUTHERN has been appointed by Capital & Counties to complete the £5.5m Turnford Place office development at Cheshunt in Hertfordshire. Preliminary work on the project was started in October 1990 by another contractor, which subsequently went into liquidation. Turnford Place will be built on three floors and provide 57,000 sq ft of office accommodation.

★★★

Work on the second phase of converting a former London school into a city technology college - sponsored by ADT - has been awarded to TARMAC MANAGEMENT. The company began work on a £3.7m contract for the first phase of the project, at a former secondary girls school in West Hill, Wandsworth, last September. The company has now been awarded £1.5m of additional work. The latest phase involves refurbishing and recladding a further classroom block for the college, which is expected to open in September.

★★★

Northumbrian Water has awarded SIR ROBERT McALPINE a contract worth £3.5m to construct an auxiliary spillway to the Grassholme reservoir embankment dam in Northumberland. The project is designed to augment the spillway capacity for flood waters from the reservoir in Lunedale.

★★★

BOVIS CONSTRUCTION has been awarded a £3.8m management contract to build a 3,000 sq metre extension to a sausage production factory in Trowbridge for Bowyers (Wiltshire).

Sixth form College in Oldham

The Manchester office of MOWLEM NORTH WEST, a division of John Mowlem Construction, has won a £15m contract to build a sixth form college in Oldham. Work has started and involves construction of a two-storey building and separate sports hall including all fixtures and fittings.

The college, which will be completed during the summer of 1992, will house over 1,000 students whilst the sports hall will feature two squash courts, a multi-activity hall, dance studio and showers and changing facilities.

The college is being built on the former site of Oldham's Royal Infirmary and will retain the infirmary's original stone archway at its entrance.

Mowlem North West has also started work on a £2.3m swimming pool at Moor Park, Blackpool for Blackpool Borough Council. The 15-month contract involves building a single-storey swimming pool with a 25 x 18 metres main pool and a 15 x 7 metres beginners' pool, spectator facilities, changing rooms, plant room, cafeteria and car parking for 60 cars.

Managing services

BALFOUR BEATTY PROJECTS & ENGINEERING has been awarded an £11m three-year contract to manage works services for the Ministry of Defence.

The project involves planning, specifying, organising and managing the maintenance and minor new works budget at RAF Honington, RAF Barnham and RAF Watton.

RAF Honington, about 10 miles from Bury St. Edmunds, Suffolk, is a key operational front line flying station, while RAF Barnham and RAF Watton mainly provide accommodation for RAF Honington personnel.

Balfour Beatty Projects & Engineering will be responsible for all aspects of planned maintenance work. This will include general maintenance, operation and maintenance of mechanical and electrical equipment, ground maintenance, the landscape management programme, financial management and the organisation and procurement of minor new works.

Developing science park in Newcastle

Part of the A.F. Budge Group, A.F. BUDGE (BUILDING) has been awarded a £9.7m contract for the design and construction of a science park *(pictured)* in the centre of Newcastle which is being developed by A.F. Budge in conjunction with the Tyne and Wear Development Corporation. The science park will provide 36,000 sq ft of business space, as well as a 53,000 sq ft innovation centre.

£19m London refurbishment

COSTAIN CONSTRUCTION, a subsidiary of Costain E&C, has been awarded the contract, worth about £19m, to refurbish Cable & Wireless' London headquarters, Mercury House, in Holborn. This work follows on from the partial demolition and complete stripping out of the building, which was also carried out by Costain Construction under a separate contract.

Built in 1954, Mercury House was originally an eccentric "H"shape over ten floors, but the majority of the centre section of the building has now been demolished from roof to foundation level. This area will be replaced by a glazed atrium with a barrel-vaulted roof which will cover a new nine-storey office area to the rear of the building. A glazed entrance loggia and the glazed atrium will form a new reception area and conference facility.

The lifts will be replaced and rearranged with two additional panoramic lifts in the atrium. All the windows are being replaced, but the Portland Stone facade will be restored and retained, with curtain walling and Sardinian granite cladding being applied to the new areas.

All office areas are being totally refurbished, with suspended ceilings, raised access floors and dry-lined walls laid out in a flexible arrangement of fully air-conditioned, open-plan and closed offices. All office areas will be served by a data cable management system reflecting the client's needs.

Certain minor areas of the building are still being used by the client and their associated companies during the construction period.

£18m Malaysian office development

Taylor Woodrow's Malaysian building company has started work on two contracts in Kuala Lumpur worth more than £25m. The first is an £18m order for a 27-storey office and retail centre. The other, worth more than £7m, is for the construction of 132 condominium appartments.

Both contracts have been awarded to TEAMWORK CORPORATION, a locally-based Taylor Woodrow subsidiary.

The office and retail development is for the publicly-listed Cycle & Carriage Group in Singapore. The group, with diversified businesses in motor vehicles, food and property in the region, is the franchise holder for Mercedes Benz, Mitsubishi and Mazda vehicles. The 106 metre building, which will have a lettable area of 34,545 sq metres and 745 car parking spaces, is scheduled for completion in mid-1993.

The second contract, involving three medium-rise blocks of appartments for Seniharta Sdn Bhd, is due to be finished next summer.

Upgrading Dubai shipping facilities

KIER INTERNATIONAL, the overseas contracting arm of Beazer, has been awarded a contract valued at over £1.5m to construct additional wharfage and dry dock berthage facilities at the Dubai Ship Docking Yard.

Work includes dredging within the Dubai Creek, sheet piling for an extended wharfage length of 150 metres and the installation of bearing piles to carry the new maintenance berths.

Other work involves provision of precast concrete ground beams, pile caps and coping beams, additional M&E services, berth rails, bollards and fenders.

Work on the 12-month contract was begun recently. The client is Dubai Ship Docking Yard and the Halcrow International Partnership is the engineer.

Fitting out London base

Companies within the construction division of TRAFALGAR HOUSE have been awarded contracts valued at over £16.3m.

Heading the list is a management contract for the fit-out of a major pharmaceutical company's headquarters, where features of the 145,000 sq ft development will be the information technology services with fibre optics and satellite communications.

In Bristol, Willett has been awarded a £3.9m contract by the Southmead Health Authority for the construction of units for the elderly and patients suffering from acute mental illness.

Engineering consultancy, TH Technology, has a design contract for British Steel in Wales valued at £3m and specialist electrical and mechanical contractor, Rashleigh Phipps has new orders worth £2.33m.

Sewage plant in Falklands

KLARGESTER ENVIRONMENTAL PRODUCTS, Aston Clinton, Bucks has won a contract to supply a B11 BioDisc sewage treatment plant for a new £10.6m senior school and leisure complex development on the Falklands Islands.

Financed by the Falklands Islands Government the development, due to be completed in 1992, is designed to meet future population growth on the island.

The Klargester BioDisc will cater for the new 4,350 metres two-storey complex which includes the Stanley senior school (for 200 pupils) and a leisure centre for use by the 2,000 residents of the island *(half of which live in the capital)*.

The complex will house a library and indoor sports hall as well as providing a new sports field.

The project, due to be completed in 1992, is being constructed by Gordon Forbes Construction (Falklands).

The BioDisc incorporates primary settlement, biological treatment with rotating contactor and final settlement, all within a self-contained unit.

It is designed to ensure that the effluent discharged is of an acceptable standard for dispersing into a suitable watercourse.

APPOINTMENTS

Chairman of AMP & London Life

■ Mr John Sadler *(pictured)* has been appointed chairman in the UK of AMP and LONDON LIFE following the retirement of Lord Catto. Mr Sadler joined the board in May 1989, and was previously deputy chairman of the John Lewis Partnership. Mr Stewart Lyon has been appointed to the board. He was general manager (finance) and group chief actuary of Legal & General. Mr Bruce Radley has been appointed actuary of London Life following the retirement of Mr Brendan McBride. Mr Radley was managing director of Provident Life Association.

■ Mr Lyndon Cole has been appointed European sales director for GE PLASTICS, Warrington. He was a business director for Dow Europe.

■ Mr Panikos Papadakis has succeeded Mr Michael Hewitt as chief executive officer of CYPRUS AIRWAYS. He was *director of commercial* operations.

■ Mr Denis Bowley has been appointed managing director of ASSOCIATED FISHERIES following the retirement of Mr Bill Letten who remains a non-executive director. Mr Bowley was managing director of Booker Nutritional Products.

■ Mr Patrick Deignan has been appointed a director of *ARLINGTON SECURITIES* from today. He has been managing director of Arlington Property Developments since 1987. Mr Ray Norris has retired from the board of Arlington Securities but remains a consultant.

■ Mr D.R. Losse, chief executive of GREIG FESTER GROUP, additionally becomes deputy chairman from today. He is also to be chairman of Greig Fester, the company's Lloyd's broking subsidiary, succeeding Mr J.S. Greig who retires from the board but remains chairman of Greig Fester Group. Mr R.G. Phillips, head of the claims division of Greig Fester, has been promoted to its board.

■ Mr Geoff Burns, director of Murray Johnstone Developments, and Mr Chris Jackson, general manager, corporate services, have been appointed to the main board of MURRAY JOHNSTONE, Glasgow.

Manufacturers Hanover restructures

■ MANUFACTURERS HANOVER CORPORATION is establishing a European regional headquarters in London. Mr Herbert F. Asphury *(pictured)*, group

executive in charge of the bank's business in Europe, will be relocating to London from New York. In London Mr Morten Arntzen, managing director, will be in charge of the group focusing on industry specific, credit intensive customers. Mr Richard Smith, managing director, will head the group managing relationships with customers who use a broad range of the bank's capital markets products. Mr John D. Zutter, managing director, additionally becomes chief of staff for Europe, and continues as country manager for the UK, and London branch manager.

There you are 43,000ft above sea level. Pen poised, seat tilted, working your way through the latest episode of "The Never Ending Contract" saga.

While you do, spare a thought for those less fortunate business travellers.

You know. The ones who are working their way slowly towards the check-in desk and a headache.

The ones who won't be catching a flight that's geared to suit their schedule.

The ones who won't be landing at an airport that is convenient for them.

The ones who have no control over the shape, size and configuration of the seats they'll be occupying – let alone the company they'll be keeping.

Hardly surprising then, that a growing number of key executives are sparing more than a thought for corporate travel.

And why, increasingly, we're finding the question "Why should I use a corporate jet?" being replaced with "How do I convince the Board?"

Hence an industry initiative: The British Aerospace Guide to Corporate Travel.

It's wide-ranging, comprehensive and there's a copy waiting for you right now.

Send or fax your business card and it will be winging its way to you. You'll find it makes compelling late night reading.

BRITISH AEROSPACE
CORPORATE JETS

Corporate Aircraft Sales (HTF 2).
British Aerospace (Commercial Aircraft) Ltd, Comet Way,
Hatfield AL10 9TL, England. Fax: (0707) 267295.

MANAGEMENT

Share registration

The implications of paperless dealing

Taurus may not supply all the answers, says **Richard Waters**

At their next annual general meetings, many company chairmen will try to persuade their shareholders to surrender their share certificates. Yet few of the chairmen realise what will be expected of them – and fewer still understand the impact it will have on their companies, and on their relationship with their shareholders.

Listed companies that have kept in touch with the development of Taurus, London stock exchange's paperless share trading system, fear that they *could find they have less information* about movements on their share register and that the costs of maintaining a share register will rise. It could also become more difficult to identify stake-building by unwanted shareholders.

The abolition of share certificates is part of the move to the Taurus system, which is due to *be launched* next May. Share ownership will be evidenced by an entry on a computer, and share transfers will take place electronically, with no further use of transfer forms.

The transition will not be automatic. Each company's shares will only move onto Taurus (or "dematerialise", in the jargon of the City) once its shareholders pass an extraordinary resolution – in other words, 75 per cent of those voting must support the idea.

The timing is determined by *the introduction of secondary* legislation, a draft of which was published last month by the Department of Trade and Industry. Taking the paper out of the share ownership and transfer process has forced a rewrite of large parts of company law.

This rewrite has already slipped six months due to unexpected complexities encountered by the drafters, leading to the scrapping of the Taurus launch which had previously been planned for this autumn. *Further delays could* still occur.

All *being* well, *though*, the regulations will be in place later this year, paving the way for company chairmen to seek the support of their shareholders early next year. How many realise what it will mean for their companies?

Concern about what Taurus will do to the transparency of share registers has been rife *for some time*, whatever the stock exchange may say about its success in winning the support of listed companies for the changes planned. The problem arises because the Taurus system could encourage the use of nominees, *effectively* keeping the beneficial owners of shares *off company registers*.

Under Taurus, shares will be held in two types of account, known as designated and undesignated (or pooled) accounts. For shares held in designated accounts, the names of the holders will appear on a company's *share* register (though of course these holders may themselves be nominees).

But *for* undesignated accounts, the names will not be revealed automatically – they will only emerge once a month, when all shareholdings in the Taurus system will be collated to give companies a complete picture of their shareholders. In the meantime, some companies fear, *predators* may be able to build stakes by buying through undesignated accounts.

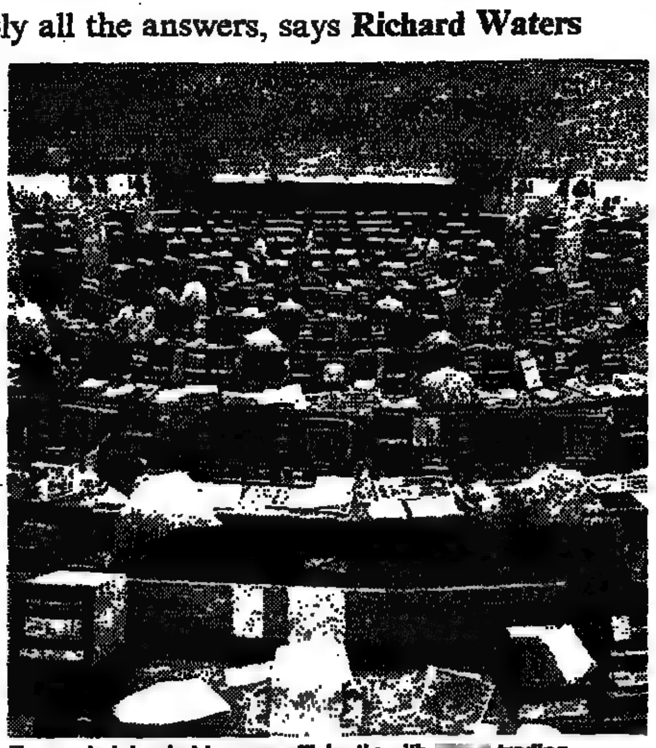
Companies have spent much of the last year trying to persuade the Stock Exchange to *provide full breakdowns of* their share registers more frequently than once a month.

The pressure has been kept up through the Investor Relations Society, the Exchange's own listed companies advisory committee, the Confederation of British Industry and the 100 *Group, a grouping of leading* finance directors.

That battle seems to have been lost. The one-month rule has been enshrined in the DTI's draft regulations. Companies wanted the regulations simply to call for a "minimum period" for updates of share *registers, leaving it to the* stock exchange to decide how long this should be. Putting the period into the regulations suggests it has been set in stone.

Much will depend on whether shareholders (and stock brokers) opt to use designated or *undesignated* accounts. The signs so far are that they will go for undesignated ones – with the attendant loss of visibility for companies.

A number of brokers have already written to personal shareholder clients recommending they [redacted] holdings into the broker's nominee, on the grounds [redacted] will be cheaper and easier for the [redacted] *to Taurus*. That means less visibility for companies.



Taurus is intended to cope efficiently with [redacted] trading [redacted] by dealing rooms such as NatWest's (above)

John Watson, the Stock Exchange's project manager for Taurus, says this is only a temporary step. "I can see why companies would be concerned – but I think it's *all part of the* transition," he says. What will *force brokers not to* use nominees once Taurus has been introduced, though?

Watson's answer is pressure from shareholders, who will want the benefits of having their name on the company register, and administrative ease for brokers, who would *rather companies communi*cated directly with their shareholders than use brokers as intermediaries.

Not everyone [redacted]. Ian Richardson, company secretary of HP Bulmer, who has [redacted] active through the listed companies advisory committee, says: "My belief is that there will be [redacted] trend over the next two [redacted] three years [redacted] nominees and less and less visibility." Banks will use pooled nominees [redacted] they extend their grip of the retail stockbroking business, he argues.

The differences between listed companies and the stock *exchange have been simmering* for some time. With Taurus now drawing close, they could yet come to a head. "They (the exchange) can steamroller it so far. But they might be surprised by the strength of feeling that comes out towards the end of the year," he warns. "It *is still a debate going on at the* registrar level; it hasn't filtered *up to company chairmen yet*."

The second issue worrying companies, meanwhile, is the impact Taurus will have on the cost of maintaining a share register. Under the paperless [redacted] shareholders will be able to choose who maintains their share accounts.

They can leave their shares [redacted] *an account controller* paid for by the company [redacted] so-called "company account controllers" are equivalent to the [redacted] registrars already used by companies). Alternatively, they can move their shares [redacted] commercial account controller – typically a stockbroker [redacted] investment manager – and pay for the privilege. Most private shareholders are expected to stay with the company account [redacted]trollers.

What concerns companies is the fees they will be charged by the registrars. None has yet indicated what their new charging structures will be, but they have hinted heavily that systems development [redacted] they have incurred to come into Taurus mean that companies [redacted] well find them[redacted] paying more.

The [redacted] exchange's [redacted]son says that any rise in costs will not be down to Taurus alone. "Registrars are making investments now that they have not [redacted] before. The [redacted] Taurus is in a [redacted] crystallising that investment."

A further concern [redacted] *by companies* is [redacted] of registrars has been shrinking. Through [redacted] of consolidation [redacted] the industry, just three – Lloyds, National Westminster [redacted] Barclays – now control 86 per cent of [redacted] share[redacted] accounts, according to research by Katrina Ellis, a director of The Share Centre, a rival account controller.

This may not be [redacted] cartel, but seeing [redacted] business [redacted] so [redacted] (not in [redacted] surprising, given the heavy technology cost of being [redacted] industry) [redacted] concern.

Will [redacted] be [redacted] The DTI regulations allow [redacted] the possibility [redacted] companies [redacted] using more than one com[redacted] account controller. In theory, it will be possible [redacted] break up a share register and place [redacted] parts with [redacted] controllers, [redacted] different [redacted] (some, for instance, [redacted] specialise in handling pri[redacted].

The only [redacted] being promoted so far is The [redacted] Centre, which is being set up *by Gavin Oldham, a former* chief executive and founder of Barclayshare. Oldham's plan is to operate as an account controller [redacted] by companies, [redacted] offering shareholders the [redacted] which [redacted] would be available only from [redacted] and [redacted] commercial [redacted]lers.

You're never too old to take on a new job...

Ageism is outdated, unfounded and wasteful, says **Diana Cornish**

Every working day I meet and do business with a wide range of employers. Although they come from an enormously diverse collection of industries, *they have one thing* in common. Prejudice [redacted] strangling their businesses.

Collectively these people would never dream of being offensive to a black person or belittling a woman bus driver.

Their prejudice is more widespread and is socially acceptable. They believe that a person's age determines whether he or she can do a particular job.

As an employment agency, we deal with personnel officers in thousands of British companies. It is curious that whatever their own age, most seem to share the same prejudices against employing *older people*.

When I used to place people in jobs, I was surprised at the number of older personnel [redacted] would make [redacted]ments like: "You can't learn after 50."

I remember one senior manager in charge of personnel telling me how he processed job applications. "I aim for about 50 on my desk, then I go through them and throw out all those from people under 20 and over 40 and see some of the rest."

He would have been most indignant if I had suggested that his actions rested almost entirely on prejudice, rather than good business sense.

What research has been carried out on these subj[redacted] be nonsense. One certain fact is *that older people learn just as* well as younger workers.

Older people might be [redacted]ginally less fit or be prone to illness, but they are not away on maternity leave or at home nursing a ligament torn in a violent middle-management squash league.

Perception is a very big factor in all of this and one that rests on many assumptions that people find hard to talk about.

If somebody rings up about a job and is asked no more than their age, sex and marital status, the potential employer can quickly conjure up [redacted] negative stereotype if the answers fit his prejudices. Being 50 and female does not necessarily indicate an addiction to frumpy cardigans and carpet slippers.

Employers should throw out their knee-jerk perceptions and think more creatively about who they hire.

Women who recruit staff tend to be just as ageist, although the reasons may be different. Younger women in managerial roles often feel that they don't want to control older women; *it would be too* difficult.

It seems clear that appeals to people's better nature will not diminish ageism, but economic necessity has a better chance of changing attitudes.

Once employers have been convinced of the training potential of older employees, a second line of resistance is often encountered. Employers will object to someone of 50 on the grounds that he or she has only around 10 more years of working life, and that that is not long enough.

> His actions rested on prejudice rather than good business sen[redacted]

These doubts are absurd. *Before the present recession*, for instance, the average secretary stayed in a job for only around two years in the provinces, and six months in London. There is no reason once this downturn has come to an end that these patterns will not return.

Ten years is therefore an awfully long time to have the potential of a mature, trainable person working for your company – and that's assuming that [redacted] 60 he [redacted] she becomes unable [redacted] work. Again, it isn't the case in the real world.

One [redacted] *the things* [redacted] I would like to see is abolition of the fixed retirement age. Nor should there be a set day for a person's pension to start.

Some of the flexibility needed to make this happen has already arrived, with the increased take-up of [redacted] *portable pensions*. [redacted] when an individual [redacted] says he or she has had enough of work, and has accumulated enough pension, that will be the day he or she begins to *collect a pension*.

There are still many technical, administrative and legal obstacles to hiring people who are over the official retirement age. Pension funds and trustees are going to have to be more imaginative in this area. However, most companies can employ anybody at all if they really want to.

One area where my company sees the benefits of prejudice *being stripped away is in the* provision of temporary staff. For whatever reasons, ageism does not come into play when temporary workers are taken on.

So we send people out who, because of their age, would not even be offered an interview *for the same job on* [redacted] permanent basis. The irony [redacted] that many prove so satisfactory that they are [redacted]ffered long-term employment by the client.

It is 20 years since legislation *was passed in Britain* outlawing racial and sexual prejudice in job advertisements. Cynics predicted then that a few shiny new statutes would not change ingrained attitudes. Nor have they.

What has changed attitudes is the achievements of women *and minority groups* who were given their chance to flourish in their work because of these new la[redacted]

In my earlier working life I was as ageist as the next young woman. My first task with a pile of application forms was to throw out those *from the over-40s*.

As the years have gone by, I have tried older people, found them just as good as younger workers and disproved my own theories. One of the most successful people we have at Brook Street began with us at 47, is now over 50 and is still *making enormous progress*.

If employers are faced with rows of empty desks and unmanned machines, they are going to have to listen to the arguments.

Diana Cornish is managing director of Brook Street.

The agency is soon to send a [redacted] *version* [redacted] *this article* [redacted] *the UK's top 1,000 companies.*

CONTRACTS & TENDERS

INVITATION TO TENDER

THE MINISTRY OF TRANSPORT OF THE REPUBLIC OF BULGARIA INVITES ALL INTERESTED COMPETENT FINANCIAL GROUPS, CONSTRUCTION COMPANIES, ETC. FOR PARTICIPATION IN TENDER

For the award of the complete construction and operation of TEM section (Trans-European Motorway) on the territory of the Republic of Bulgaria (Kalotina-Kapitan Andreevo) including the adjoining infrastructure (trade, tourist, motor-car repair) in total length of 370km.

The award should include:

1. *Overall financing and construction of the following sections:*
   - "Kalotina - Sofia Ring Road" - four-lane Motorway (A4), Length 48km.
   - "Sofia Ring Road - Northern Part" - six-lane motorway (A6), Length 24km.
   - "Zelyovo - Harmanli" - four-lane motorway (A4), length 56km.

   The total length of sections, planned for new construction is 128km.
2. Financing and final completion of integrated service and trade infrastructure (free trade zones including) along the whole length of 370km, according to the landscape and the standards, internationally adopted in practice.
3. Financing and organizing a modern toll system for collecting taxes from the motor vehicles, journeying along the whole TEM section on the territory of the Republic of Bulgaria (370km in length).
4. Setting up an integrated system of management, operation, maintenance and the repayment of the investment in the new construction on the basis of revenue from taxation and operation of the adjoining infrastructure within reasonable periods of time, which [redacted] an integral part of the participants' [redacted]
5. Agreement for Bulgarian participation in the concession, carried out by a Bulgarian financial and construction group of companies in accordance with the Bulgarian legislation in force and on the basis of [redacted] the constructed motorway sections.
6. A bank guarantee for the participation to the amount of of 6,000,000 US Dollars and 3 months validity.

OTHER TERMS AND CONDITIONS

1. Tender [redacted] *full set of documents for the three sections to be* [redacted] constructed will be made available to those who wish, against the sum of 3600 US dollars, payable in cash or by bank draft in the period until July 19, 1991.
2. Additional information will be submitted, concerning all aspects of the proposed project. During the period, provided for preparation of the tenders, the tender organizer will be [redacted] disposal and will give any available, additionally requested information and explanations.
3. The tender documents will be accepted to the address, given below, with dead-line at 12 o'clock on August 30, 1991.
4. The tender should contain:

4.1 Tender documents for the three new sections, costed in local currency at the rate of exchange of the Lev to the US Dollar quoted by the National Bank of Bulgaria, valid at the time of tendering.

[redacted] The terms and conditions providing for the Bulgarian participation in the [redacted]

[redacted] Terms, defining the duration of activities, including:
- time and cost for construction of the new sections;
- completion time and cost of setting up and making operational the toll system;
- facilities, cost and time for completion of construction and putting the adjoining infrastructure [redacted] operation;
- Organizational structure for construction, operation and recovery of investments;
- [redacted] period, interests, total volume of works and activities;
- Time schedule of activities

5. *Address:*

Sofia
Ministry of Transport
No. 9, "Vassil Levski" Str.
Room No. [redacted]
For Tem

Fax: 359-2-885094
Telex: 23200 MT BG, 23208 MT BG
Telephone: [redacted]

Appointments Advertising

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& Friday (international edition only)

For further information please call

Richard Jones 071-873 3460

Teresa Keane 071-873 3199

PUBLIC NOTICES

TENDER FOR [redacted] SERVICES FIVE [redacted] PERIOD [redacted] 1st APRIL 1992

In August 1991 the Authority will be inviting tenders from banks with adequate branch networks and clearing facilities for the following banking services

a) Principle Banking Arrangements
b) Education Services Banking Arrangements

[redacted] detailed specification [redacted] the Authority's requirements will be dispatched on the 29th July 1991 to financial institutions which apply in writing to the C.C.T. Co-Ordinator at the address set out below:

London Borough of Tower Hamlets
C.C.T. C-Ordinating Office
27 Birkbeck Street
London E2 6LA

Applications for tender documents must be received by the C.C.T. Co-Ordinator by the 26th July 1991.

LEGAL NOTICE

WHYTE & SMITH LIMITED IN RECEIVERSHIP

NOTICE IS HEREBY GIVEN, pursuant to Section 48 of the Insolvency Act 1986, that a *MEETING of the CREDITORS* of the above named company will be held at the Kings Head Hotel, High Street, Loughborough, Leicestershire on Monday, 8 July 1991 at 2.30 pm for the purpose of having laid before it the report prepared by the Administrative Receivers in accordance with the said section and, if thought fit, appoint a Committee.

Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of *the amount due to them after deducting the* value of the security, as estimated by them. A creditor in respect of a debt due on, or *secured by, a bill of exchange or promissory* note must treat the liability of any person who is liable on the bill antecedently to the company as a security held by him (unless the other person is subject to a bankruptcy order or in liquidation).

Creditors wishing to vote at the above meeting must lodge a written statement of their claim with me at Cork Gully, Abacus House, 32 Friar Lane, Leicester, LE1 5RA no later than noon on 5 July 1991. Forms of proxy which, if intended to be used, must be lodged with us by that time.

DATED this 21st day of June 1991

STEPHEN J TAYLOR
Joint Administrative Receiver

EDRON ELECTRICAL LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the *above named company will be held at* Cork Gully, 9 Greyfriars Road, Reading RG1 1JG at 2.30 pm on Friday 12 July 1991 for the purpose of having laid before it a copy of the report prepared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:

(a) they have delivered to me at the address shown above no later than 1200 hours on Thursday 11 July 1991, *written details of the debts they claim* to be due to them from the company, and the claim has been duly admitted *under the provisions of Rule 3.11 of* the Insolvency Rules 1986; and

(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf.

Date: 28 June 1991

N J Vooght
Joint Administrative Receiver

DE LA MER LIMITED

The Insolvency Act 1986
In the matter of De La Mer Limited
Nature of business: Importer and Distributor of electric light bulb, plugs and accessories
Administration Order made: 17 June 1991
Joint Administrator (D J Waterhouse)

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COMPANY NOTICES

QUEBEC CENTRAL RAILWAY COMPANY 4% FIRST MORTGAGE DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due August 1 1991 on the above stock, the transfer books will be closed at 3.30 p.m. on July 12 and will be re-opened on July 22, 1991.

D.R. Keast
Assistant Secretary

[redacted] Trafalgar Square,
London, [redacted] 5DY
June 27 1991

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COURIER & EXPRESS SERVICES

The FT proposes to publish this survey on July 24 1991. In the UK the weekday FT is read by 30% of Board Directors involved in decision making about postal and despatch services. The FT's coverage exceeds [redacted] of any other daily newspaper. If you want [redacted] reach this important audience, call Philip Dodson on 071 [redacted] or 071 [redacted]

Data: [redacted] BMRC 1990 (weighted by company size)

FT SURVEYS

THE GATWICK BUSINESS AREA

The FT proposes to publish this survey on July 16 1991. A survey on this dynamic region will be of special interest to around one million FT readers worldwide. If you want to reach this important audience, call Sue Mathieson on 071 873 4129 or fax 071 873 3078.

FT SURVEYS

KOKUSAI INVESTMENT TRUST MANAGEMENT CO., LTD.

takes pleasure in announcing the opening of its London Representative Office

1st July 1991
at
199 Bishopsgate
London EC2M 3TT

Phone: 071-628-8800 Facsimile: 071-638-7700
Chief Representative: Yuji Omura

Tadao Tomura, President
KOKUSAI INVESTMENT TRUST MANAGEMENT CO., LTD.

15-14, Minami-Aoyama 1-Chome
Minato-Ku, Tokyo 107, Japan

This advertisement is issued in compliance with the regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any securities.

Application has been made for the Ordinary Shares of 10p each ("Ordinary Shares"), issued and to be issued, of Dart Group PLC ("the Company") to be admitted to the Official List. It is expected that such admission will become effective and that dealings will commence in the Ordinary Shares on 1st July, 1991.

DART GROUP PLC

(Incorporated in England Registered No. 1[redacted]21)

Introduction to the Official List

[redacted] 15,219,927 Ordinary Shares

SHARE CAPITAL

Authorised £		*Issued and to be issued* £
2,000,000	Ordinary Shares of 10p each	1,521,993

The Company is the holding company of a group whose principal activities are aviation services and forwarding and distribution.

Listing particulars relating to the Company have been approved as required by the listing rules made under section 142 of the Financial Services Act 1986. *Copies of these listing particulars are included in the Companies Fiche Service of* The London Stock Exchange and these listing particulars may be obtained, by collection only, during normal business hours, from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2 up to and including 3rd July, 1991 and up to and including 15th July, 1991 from:

Smith New Court Corporate Finance Ltd
PO Box 293
Smith New Court House
20 Farringdon Road
London EC1M 3NH

Dart Group *PLC*
Cargo Terminal
Bournemouth International Airport
Christchurch
Dorset BH23 6DL

1st July, 1991

CAL INVESTMENTS LIMITED
MEMBER OF THE SECURITIES AND FUTURES AUTHORITY LIMITED
INVESTMENT MANAGEMENT IN FOREIGN EXCHANGE AND FINANCIAL FUTURES
CALL PAUL GLEESON ON TEL: 071 799 2233 FAX: 071 799 1321

Gold & Silver to rally?
Phone or write to David Kerly (Senior Analyst) 071-734 7174
Chart Analysis Ltd, 7 Swallow Street, London W1R 7HD

THE WEEK AHEAD

ECONOMICS

Markets watch for signs of a US upturn

US INDICATORS should take centre stage this week after Mr Michael Boskin, the White House economist, suggested last [redacted] that the [redacted] could have ended in April.

The National Association [redacted] Purchasing Managers' (NAPM) index, and the employment [redacted] for June will be keenly watched [redacted] a strengthening economy. If they materialise, this should push up money market rates and the dollar.

A further sharp rise in the *dollar would be certain to test* the resolve of the Group of [redacted] industrialised countries to [redacted] to [redacted] the dollar. Even [redacted] the [redacted] such central bank intervention [redacted] acknowledged to [redacted] short-lived.

Non-farm payrolls rose by 59,000 in May, the first rise since June last year, with rises in employment evident [redacted] most sectors but especially in manufacturing. This [redacted] posted a small rise after 14 months of falls. However, the outlook for higher employment is not entirely clear. There was an *unseasonally warm May*, while the rise in non-farm payrolls conflicts with the increase in nationwide unemployment to 6.9 per cent.

In the UK, there is nothing more [redacted] than official reserves figures, which have [redacted] distorted by Gulf war payments into the Treasury from the allies.

[redacted] notable events and statistics, with median forecasts from *MMS international*, the finance research company, in brackets include:-

Monday: Germany, one-year anniversary of German eco*nomic and monetary union.* France, Bank of France repo. US, NY Fed President Corrigan in panel discussion on restructuring US/Japanese financial [redacted]. US, NAPM index (47.0), May construction spending (0.3 [redacted] cent). Japan, July trade balance, June forex reserves. Australia, May building approvals. UK, quarterly analysis of [redacted] lending.

Tuesday: US, FOMC meeting. US, May factory orders (2.2 per cent), shipments. UK, June official reserves ($100m). [redacted] April leading indicators.

Wednesday: Paris, OECD world economic outlook [redacted]. Spain, regular Bank of Spain repo. US, new home sales (3 per cent), auto sales (6.6 per cent). *London, Nedo meeting chaired by Mr Norman Lam*ont, UK chancellor.

Thursday: US, Independence Day, US markets closed. UK, Walton, Liverpool, by-election. France, regular [redacted]tion. Germany, June unemployment (west, [redacted] May employment (west, 30,000).

Friday: Japan, May current account. New Zealand, April unemployment. Australia, May current account (down $1.3bn). UK, housing starts and completions [redacted], first quarter house renovations, cyclical indicators for UK economy. US, non-farm payrolls (50,000), manufacturing payrolls *(10,000), money supply data.*

During the week: Spain, trade balance ($2bn). Italy, trade balance (down IL 1.8tr). France, money supply. Germany, [redacted] industrial production (0.5 per cent), manufacturing output (0.5 per cent), manufacturing orders (down 0.1 per cent), June final cost of living (0.5 per cent m-o-m).

Rachel Johnson

CONTRACTS & TENDERS

NOTICE TO ALL HOLDERS OF
HOME SHOPPING NETWORK, INC.'S
5-1/2% CONVERTIBLE SUBORDINATED DEBENTURES
DUE APRIL 22, 2002 AT ANY TIME
ON OR AFTER MAY [redacted], 1988

NOTICE OF PROPOSED SETTLEMENT,
SETTLEMENT HEARING AND RIGHT TO APPEAR

Home Shopping Network, Inc. ("HSN") is a De[redacted] corporation with corporate offices located in St. Petersburg, Florida. In [redacted] HSN [redacted] a total of [redacted] 5-1/2% Convertible [redacted] Debentures [redacted] April 22, 2002 (the "Debentures"). The Debentures were issued in bearer form. Originally the Debentures were convertible into HSN Common Stock at a conversion price of $25.80 per share pursuant to the terms and conditions of an Indenture dated as of April 22, 1987 ("Indenture"). [redacted] holder of the Debentures (hereafter a "Holder") submitting a Debenture for conversion at that rate [redacted] have received approximately 38 shares of HSN Common Stock for each $1,000 face amount of Debentures submitted for conversion. However, a Supplemental Indenture executed by HSN as of May 15, 1987 and subsequent events resulted in the conversion price being reset to $7.05 per share (the "Reset"). As a result of the Reset, a Holder submitting Debentures for conversion was entitled to receive approximately 103 additional shares (the "Additional Shares") for a total of 141 shares for each $1,000 face amount of Debentures submitted for conversion.

On May 4, 1988, HSN publicly announced that it would place a notice legend ("Notice Legend") upon any stock certificates issued for the Additional Shares notifying the holders of such certificates that if HSN should prevail in an existing lawsuit filed by it against Drexel Burnham Lambert, Incorporated and others in the Federal Courts in Florida, the Additional Shares represented by such certificates might be cancelled. On October 11, 1988, an order was entered in the Florida federal litigation. As a result of, and based upon that Order, HSN, when presented with Debentures for conversion, placed the Notice Legend on certificates representing Additional Shares pending the final outcome of that litigation.

On June 16 and 21, 1989, certain Holders of Debentures filed class action suits against HSN in the Court of Chancery of the State of Delaware (the "Actions") seeking, inter alia, a declaration that the Reset is valid, an injunction preventing HSN from placing a Notice Legend on any of the share certificates for Additional Shares issued upon conversion of the Debentures, and damages for the class for any losses sustained as a result of HSN's refusal to unconditionally honor the Reset.

By Opinion dated August 14, 1990, and subsequent Order dated August 31, 1990, the Delaware Court of Chancery certified a Class consisting of all Holders of the Debentures on or after May 4, 1988, provided, [redacted], that Drexel Burnham Lambert, Incorporated, Drexel Burnham Lambert International, Ltd., Michael R. Milken, Allen Rosenthal and Joel [redacted] Gold are not included in the Class to the extent they were or are the beneficial owners of any of the Debentures [redacted] the "Class"). As to the Class, the Court of Chancery granted plaintiffs' motion for partial sum[redacted] judgment on liability, (1) concluding that Section 508 of the Indenture and [redacted] sections of the Uniform Commercial Code precluded the legending by HSN of the Additional Shares issuable on conversion of the Debentures, (2) declaring the placement of the Notice Legend on any [redacted]tificates for any certificates for Additional Shares issued by HSN to be invalid, [redacted] permanently enjoining HSN from placing any such Notice Legend on the Additional Shares, and (4) directing HSN to issue unlegended shares in exchange for legended shares previously issued.

From September, 1990 through the end of March, 1991, counsel for the Class and HSN conducted extensive and intense discovery in the Actions. Plaintiffs hired an expert and intense discovery in the Actions. Plaintiffs hired an [redacted] and prepared for a trial on the issue of damages. In December, 1990, HSN sued the Class in the Federal courts in Florida to enjoin it from prosecuting the Actions. Counsel for the Class defended that suit and on February 28, 1991, it was dismissed. Thereafter counsel for the Class and counsel for HSN entered into settlement negotiations. On June 24, 1991 counsel for HSN and counsel for the Class executed a written stipulation of settlement (the "Settlement") [redacted] provides that if the Settlement is approved by the Court, HSN will pay $15,000,000 to the Class, plus certain interest, and further provides for a release and dismissal with prejudice of all claims of the Class, or which could be brought by or on behalf of the Class, related to the Debentures. The [redacted] amount is inclusive of attorneys' fees, costs, and the expense of administering any distribution to the Class. In addition, if the Settlement is approved, HSN will refrain from challenging the Reset in the future as to the Class and will release the Class members from all claims it may have relating to the Debentures. The Court has scheduled hearing on the proposed Settlement for September 5, 1991 at 11.00 a.m. in the Court of Chancery in Wilmington Delaware. The purpose of this hearing is to consider (a) whether the proposed Settlement should be approved [redacted] fair, reasonable and [redacted] a [redacted] judgement should be entered dismissing the Actions against HSN on the merits and with prejudice as against the named plaintiffs and members of the Class; (c) whether an order should be entered awarding attorneys'fees in the amount of $4,000,000 to plaintiffs' counsel and [redacted] in an amount not to exceed [redacted] and (d) such other matters as the Court may deem appropriate. At the [redacted] hearing, any member of the Class who desires to do so (and who complies with the conditions summarized in this paragraph), may appear in person or by counsel and show cause, if any, why the Settlement should or should not be approved and/or why plaintiffs' application for attorneys' fees and disbursements should or should not be granted. Except by order of the Court for good cause shown, no member of the Class or any other person shall be heard or be entitled to contest the approval of the terms and conditions of the Settlement, the entry of the Order and Final Judgment, or the grant of attorneys' fees and disbursements to plaintiffs' counsel, and no papers or briefs submitted by any member of the Class or any other person shall be received or considered, unless, no later than August 29, 1991, copies of (a) a notice of intention to appear, (b) a detailed statement of such person's specific objections to any matter before the Court, (c) proof of membership in the Class, and (d) a statement of the grounds for such objections and any reasons for such person's desiring to appear and to be heard, as well as all documents in writing such person desires this Court to consider, are served upon each of the following counsel:

A. Gilchrist Sparks, III, Esquire
Morris, Nichols, Arsht & Tunnell
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899

Michael Hanrahan, Esquire
Prickett, Jones, Elliott, Kristol & Schnee
1310 King Street,
P.O. Box 1328,
Wilmington, Delaware [redacted]

Attorneys for the Class
and

Grover C. Brown, Esquire
Morris, James, Hitchens & Williams
222 Delaware Avenue
P.O. Box 2306
Wilmington, Delaware 19899

Attorneys for Home Shopping Network, Inc.

and then filed with the Court. Any person who fails to object in the manner provided above shall be deemed to have waived such objection and shall forever be barred from making such objection in this action or in any other action or proceeding in this Court or in any other court or tribunal in Delaware or any other jurisdiction with respect to the matters covered by the Settlement.

Because the Debentures are issued in bearer form, neither counsel for the Class nor HSN has the means to identify all persons or entities who may be members of the Class. Accordingly, this Notice does not purport to be comprehensive. Members of the Class wishing to receive a more complete notice describing the litigation in the Court of Chancery, the Stipulation of Settlement, and the procedure by which the net proceeds to the Class from the proposed Settlement will be distributed, may communicate with counsel for the Class at the following address:

Alan J. Stone, Esquire
Morris, Nichols, Arsht & Tunnell
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899

All Class members wishing to receive any future communications, including information regarding any proof of claim procedures are urged to send their name and mailing address to counsel for the Class at the above address. A[redacted] to do so could result in Class members failing to receive substantial monetary benefit to which they might otherwise be entitled.

OTHER THAN THE ABOVE-REQUESTED INFORMATION, PLEASE DO NOT SEND ANY DOCUMENTATION TO CLASS COUNSEL AT THIS TIME.

This Notice issued per order of the Court of Chancery for the State of Delaware in and for New Castle County, Jack B. Jacobs, Vice-Chancellor.

RESULTS DUE

BRITISH STEEL is due [redacted] present a gloomy set of results [redacted], reflecting its fast falling [redacted]*ets and intense competitive* [redacted]

Analysts are looking for pre-[redacted] profits [redacted] the year ended March of [redacted] £733m [redacted] year ago. As recently as January they had hoped for profits nearer £500m, but the second half has been downhill all the [redacted]

The trading profit for the period should be about £80m against £320m for the previous second half, while full year trading profits will be around £310m against £708m.

Also today, PowerGen, the smaller of the two electricity, is expected report pre-tax profits, on a pro forma basis, at below £275m against a prospectus forecast of £284m and the dividend recommendation is [redacted] to be the same as the prospectus forecast of 5.55p.

One relatively *safe* prediction can be made about today's annual results from Dowty, the recession-hit aerospace and information technology group – pre-tax profits look like falling by a quarter from the £85.4m reported in 1990.

Among other companies reporting during the week, General Electric is tomorrow expec[redacted] report a slip in pre-tax profits for the year ended March of some 5 per cent to £830m from £872m a year earlier.

Scottish and Newcastle, the brewer, is expected to turn in [redacted] increase in pre-tax profits for the year ended April approaching 20 per cent to about £220m.

PARLIAMENTARY DIARY

■ TODAY
Commons: Debate on the Army.
Lords: Commons amendments to the Planning and Compensation Bill. Coal Mining Subsidence Bill, third reading.

■ TOMORROW
Commons: Labour-organised [redacted] on housing and the privatised gas and electricity industries. Severn Bridges Bill, remaining stages.
Lords: Atomic Weapons Establishment Bill, committee.
Select Committees: Social Security – subject, the administration of the Social Security Department. Witnesses: DSS trade union officials (Room 21, 10.30am).
Agriculture – subject, disposal of fallen livestock. Witnesses: Master of Foxhounds' Association; Northern Ireland Local Government Action Committee (Room 20, 3.45pm).
Committees on [redacted] Private Bills: London Underground (Safety Measures) Bill (Room 5, 10.30am). London Docklands Railway (Lewisham etc) Bill (Room 6, 11.00am).

[redacted]
[redacted] Estimates day [redacted] on aid to Iraq [redacted] and future levels of employment and unemployment.
Lords: Commons reasons and amendments to the Criminal Justice Bill. Social Security (Contributions) Bill, report.
Select committees: Environment – subject, eco-labelling. Witnesses: Tesco Stores Ltd (Room 21, [redacted]
Energy – subject, offshore safety management. W[redacted]: Manufacturing, S[redacted], Finance; Health and Safety Executive (Room 8, 10.45am).
Parliamentary Commissioner for Administration – subject, reports of the health service commissioner for 1990-91. [redacted] Mr W[redacted] health s[redacted] commissioner; Mr R Oswald, [redacted] health service commissioner (Room 19, 10.45am).
Education – s[redacted], education [redacted] training for the 21st century. Witnesses: Business and Technician Education Council; Further Education Unit [redacted] the Further Education Campaign U[redacted] Secondary Heads Association [redacted] 21, 4.05pm).
[redacted] – subject, maternity services. [redacted] Health Department officials (Room 16, 4.15pm).
[redacted] Wi[redacted] Tumim, chief inspector [redacted] Apex Trust (Room 20, [redacted]).
Transport – subject, British Rail. Witnesses: Chairman and officials, British Rail (Room 15, [redacted]
Home Affairs – subject, home office annual report. Witnesses: Sir Clive Whitmore, and other Home Office [redacted]
Treasury – subject, intergovernmental conference on economic and monetary union. Witness: Francis Maude, MP, financial secretary to the Treasury.
Committees on Opposed Private Bills: London Underground (Safety Measures) [redacted] (Room 5, 10.30am). London Docklands Railway (Lewisham etc) Bill (Room 6, 10.30am).

■ THURSDAY
Commons: Estimates day debates on assistance to redundant steel workers, and the waiting list initiative.
Lords: School Teachers Pay and Conditions (No 2) [redacted], committee.
Committees on Opposed Private Bills: London Underground (Safety Measures) Bill [redacted] London Docklands Railway (Lewisham etc) Bill (Room 6, 10.30am).

■ FRIDAY
Commons: [redacted] Members [redacted]
Lords: Arm[redacted] Bill, sec[redacted] reading.

TRADE FAIRS, EXHIBITIONS & CONFERENCES

JULY 9
THE END OF THE ROAD FOR COMPANY CARS?
Chaired by Peter Kirk, Deputy Group Personnel Director, Midland Group, the conference is designed for directors and managers responsible for planning and implementing company car policies: including a case history of a business that eliminated company cars, six papers on how to proceed on this complicated issue and a special address from Chris Smith MP, Shadow Treasury Minister. [redacted] Conferences 071-434 3711
LONDON

JULY 11
Simulation in UK Manufacturing Industry
Reports the results from a recently completed study on the use and benefits of this technique. Attendees will have the opportunity to contribute to and collaborate in future programmes. Organised by The Management Consulting Group on behalf of the Simulation Study Group. No Fee. DTI London.
Contact: Sue Maddox
Tel: 0203 692408
Fax: 0203 692430
LONDON

JULY 18
Better Software via ESSI
ESSI, a £60 Million European Software technology transfer initiative, proposes funding of application experiments, training and dissemination projects within IT User organisations. The National Computing Centre (NCC) is hosting a London meeting at which the European Com[redacted]sion will provide further inform[redacted]on. NCC will also seek your views as IT users. Enquiries to Carol W[redacted] Tel: 061 228 6333, Fax: 061-22[redacted]
LONDON

JULY 18
DOING BUSINESS IN SPAIN
A comprehensive guide to corporate strategy. Sponsored by: Coopers & Lybrand Europe. Covering the strategic, legal, M&A, accounting and personnel differences when compared to the UK. Contact: FiBEX. Tel: 071-489 9944, Fax: 071-236 6140
LONDON

JULY 19
RESEARCHING INDUSTRIAL MARKETS
The great majority of widely available published market research is biased towards consumer markets. Similar information on industrial markets is either prohibitively expensive or doesn't exist. This seminar is for anyone who has been in the position of trying to find market data on industrial markets. Contact: Yasmin Gunes, London Business School, Information Service, Sussex Place, Regents' Park, London NW1 4SA. Tel: 071-262 5050 ext 229; Fax: 071 706 1897
LONDON

AUGUST 15 & [redacted]
A two day course, TRUSTS AND TAX PLANNING
with precedents. The Mostyn Hotel, London W1. This two-day course is *designed to meet the demand for* practical coverage of trusts and tax planning at basic and advanced levels. It will update delegates in respect of changes in and since the 1990 and 1991 Finance Acts. Day one - An introductory 'tool kit'. Day two - An up-to-date approach to tax planning and practical use of trusts - with precedents. Contact: The Registration Dept. 0536 204224.
LONDON

SEPT 20
EMPLOYING PEOPLE IN THE EUROPEAN COMMUNITY
An examination of the human resources considerations of doing business in the European Community. Organisers: Price Waterhouse/London Chamber of Commerce/Masons Solicitors. Speakers include: Norman Willis/Eric Forth MP. Contact: Charlotte Thornton Tel: 071 236 4080
LONDON

SEPT 23
ROUTES TO GLOBAL DATA NETWORKS
Regulations, Technology.
Contact: CommEd Publishing.
Tel: 071-274 8725
LONDON

SEPT 30 - OCT 4
DAVID HUTCHINS ASSOCIATES' QUALITY WEEK
A week of [redacted] *Total* Quality events at the Cafe Royal-
Total Quality Users' Convention - [redacted] Baldridge Award Workshop - JURAN Making Quality Happen.
Contact: Sales & Conference Dept, David Hutchins Associates.
Tel: 0344 28712, Fax: 0344 25968
LONDON

OCT 4 & 5
IT PROJECT MANAGEMENT - ON TIME AND WITHIN BUDGET
IT projects are inevitable late and over budget, and many project Managers never survive to see their projects completed; with this in mind IIR are running a two day European conference to address these issues. Conference Organisers: IIR *Scientific & Technical Division. Contact:* Customer Services on 071- 587 1117
LONDON

OCT 7
The Challenge of a New Europe: Strategies, Opportunities and Risks. Hotel InterContinental, London. *Enquiries:* Financial Times Conference [redacted]
Tel: 071-925 2323, Fax: 071-925 2125
LONDON

OCTOBER 7-8
EFFECTIVE MANAGEMENT OF IT SECURITY
This informative two day conference will expose weaknesses, and provide the practical solutions to IT Security.
Conference Organisers : IIR Scientific & Technical Division
Contact: Customer Services on 071 587 1117
LONDON

OCT10
Financial Reporting in the UK
Hotel InterContinental, London.
Enquiries: Financial Times Conference Organisation.
Tel: 071-925 2323,
Fax 071 925 2125
LONDON

NOVEMBER 14 & 15
World Electricity. Hotel InterContinental, London
Enquiries: Financial Times Conference Organisation.
Tel: 071 925 2323,
Fax: 071 925 2125
LONDON

OVERSEAS

SEPT 11 [redacted] 12
World Motor
Hotel InterContinental, Fr[redacted]
Enquiries: Financial Times Conference Organisation
Tel: 071-925 2323
FRANKFURT

OCTOBER 24-25
ANALOGUE TO DIGITAL CELLULAR
Contact: CommEd Publishing
Tel: 071 274 8725
PARIS

NOV 7 & 8
Finance, Investment and Trade with Czechoslavakia Hotel Diplomat, Prague. Enquiries: financial Times Conference Organisation.
Tel: 071- 925 2323,
Fax: 071 925 2125
PRAGUE

NOV 20 & 21
Spain's Role in the New Europe
Palace Hotel, Madrid. Enquiries: Financial Times Conference Organisation.
Tel:071-925 2323, Fax: 071-925 2125
MADRID

NOV 25-29
European Finance Convention
Linked to Maastricht IGC's focussing particularly on ECU/EMU-Japanese financial services in Europe-Central/Eastern Europe and USSR privatisations. Under the patronage of Sir Leon Brittan Hon. President H. Johannes Witteveen. Grand Hotel Krasnapolsky - Amsterdam. Enquiries E.F.C.a.a. Tel: 071-370 3176. Fax: 071 244[redacted] 0031 1820 38166
[redacted]
LONDON

To advertise in this section please call Mark Hall-Smith on 071-873 3580

UK COMPANIES

■ TODAY
COMPANY MEETINGS:
Personal Assets Trust, 1 Charlotte Square, Edinburgh, 12.30
Siam Selective Growth Trust, 4 Kings Arms Yard, E.C., 10.00
BOARD MEETINGS:
Finals:
Abtrust New Dawn Inv. Trust
Associated British Eng.
Dowty
In Shops
Lister
Marling Inds.
PowerGen
[redacted] Newc[redacted] Brews.
South Western [redacted]
Vardy (Reg.)
Yorkshire Elect.
Interims:
First National Fin. Corp.
Prospect Inds.
Teredo Petroleum
Witan Inv.

■ TOMORROW
COMPANY MEETINGS:
Alba, Harvard House, 14-16 Thames Road, Barking, Essex, 11.00
German Inv. Trust, 48 Chiswell Street, E.C., 3.45
German Smaller Co's Inv. Trust, 48 Chiswell Street, E.C., 12.30
RIT Capital Partners, The Royal Automobile Club, 89 Pall Mall, S.W., 12.00
Time Products, Claridges, Brook Street, W., 12.00
BOARD MEETINGS:
Finals:
Eastern Electricity
Evans of Leeds
General Electric
Interims:
Colorvision
Crest Nicholson

■ WEDNESDAY JULY 3
COMPANY MEETINGS:
Edinburgh Inv. Trust, Caledonian Hotel, [redacted] Street, Edinburgh, 12.00
Donelon Tyson, Lord Daresbury Hotel, Daresb[redacted], Cheshire, 11.00
Gieves [redacted] Street, W., 12.00
Land Securities, Claridges, Brook Street, Mayfair, W., 12.00
Rowe Evans Invs., Founders' Hall, 1 Cloth Fair, E.C., 12.00
Tootal, 28 Saville Row, [redacted] 9.30
BOARD MEETINGS:
Finals:
[redacted] Harris [redacted]
[redacted]
Midlands Elect.
Save & Prosper Return [redacted] Assets Fd.
Seeboard
Interims:
Granada
Newman Tonks
Partridge Fine Arts
Southern Business

■ THURSDAY JULY 4
COMPANY MEETINGS:
Allied-Lyons, London Hilton Hotel, Park Lane, W., 11.30
Fine Art Dev's, The Devonshire Arms, Bolton Abbey, Skipton, North Yorkshire, 4.00
Fleming Far Eastern Inv. Trust, 25 Copthall Avenue, E.C., 12.00
Hampden Homecare, Hampden House, 14A Garfield Street, Belfast, 11.00
Highcroft Inv. Trust, The Dog House Hotel, *Frilford Heath, Oxford*, 12.00
Hunter Saphir, *Springhead Enterprise Park*, Springfield Road, Northfleet, Gravesend, Kent, 9.30
Mezzanine Cap. & Inc. Trust, 41 Tower Hill, E.C., 12.30
Ritz Design, Welsh House, Welsh Row, Nantwich, 11.00
Sainsbury (J.), Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, S.W., 12.00

Sindall (Wm.), Gonville Hotel, Cambridge, 12.15
Smith (James) Estates, Claswood House, Lower Be[redacted] West Sussex, 11.30
Westbury, [redacted] Valley Hotel, Gloucester [redacted] Ch[redacted], 3.00
Yorkyde, Moorbrook Mills, New Mill, Huddersfield, 11.30
BOARD MEETINGS:
Finals:
Boscombe Prods.
Brown & Tawse
Burtonwood Brewery
Druck
Gold Greenlees Trott
Ivory & [redacted]
MS Inl.
Markheath [redacted]
Northern E[redacted]
Scottish Hydro-Electric
Stirling
Umeco
Interims:
Dewhurst
Securicor
Security Services

■ FRIDAY JULY 5
COMPANY MEETINGS:
Elga, 135 Bishopsgate, E.C., 12.00
Hale Homes & Gardens, Paddock Wood offices, Church Road, Paddock Wood, Kent, 2.30
TDS Circuits, Whitebirk Estate, Blackburn, [redacted]
BOARD MEETINGS:
Finals:
Fuller, Smith & Turner
Menzies (John)
Quilgold
Interims:
Aberforth Smaller [redacted]
[redacted] Site Estates
East German Inv. [redacted]
[redacted]

Company meetings are annual general meetings unless otherwise stated.

DIVIDEND & INTEREST PAYMENTS

■ TODAY
ABB Kent 4½% Prf. 1.575p.
ABI Leisure 1.67p
AMEC 6.25p
API 2.75p
Aberfoyle 8% Cnv. Uns. Ln. 1995 4pc.
Alexon 5.5p
Allied Lon Props. 1.075p
Ambassador Security 0.35p
Anglo Eastern Plants. 12¾% Uns. Ln. 95/[redacted]
Antofagasta 5% Prf. [redacted]
Do. (Chili) & Bol Rail [redacted] 4% Perp. Deb. 2pc.
Appleby Westward 5.6p
[redacted] Property 1.25p
Asprey 6½% Prf. 2.275p
Do 9¼ Prf. 4.875p
Assoc. Fisheries 8% Prf. 1.4p
Do. 4¾% Prf. 1.6625p.
Austin Reed 6.5p
Do. A NV 6.5p
Ayrshire Metal Prods. 1p
BICC 13.25p
Do. 6% 1st Prf. [redacted]
Do. 5½% 2nd Prf. 1.925p
Do. 7¾% Deb. 90/95 3.875pc.
BM Cnv. Red. Prf. 2.2p
BSG Intl. 2.6p
BSN FFr13
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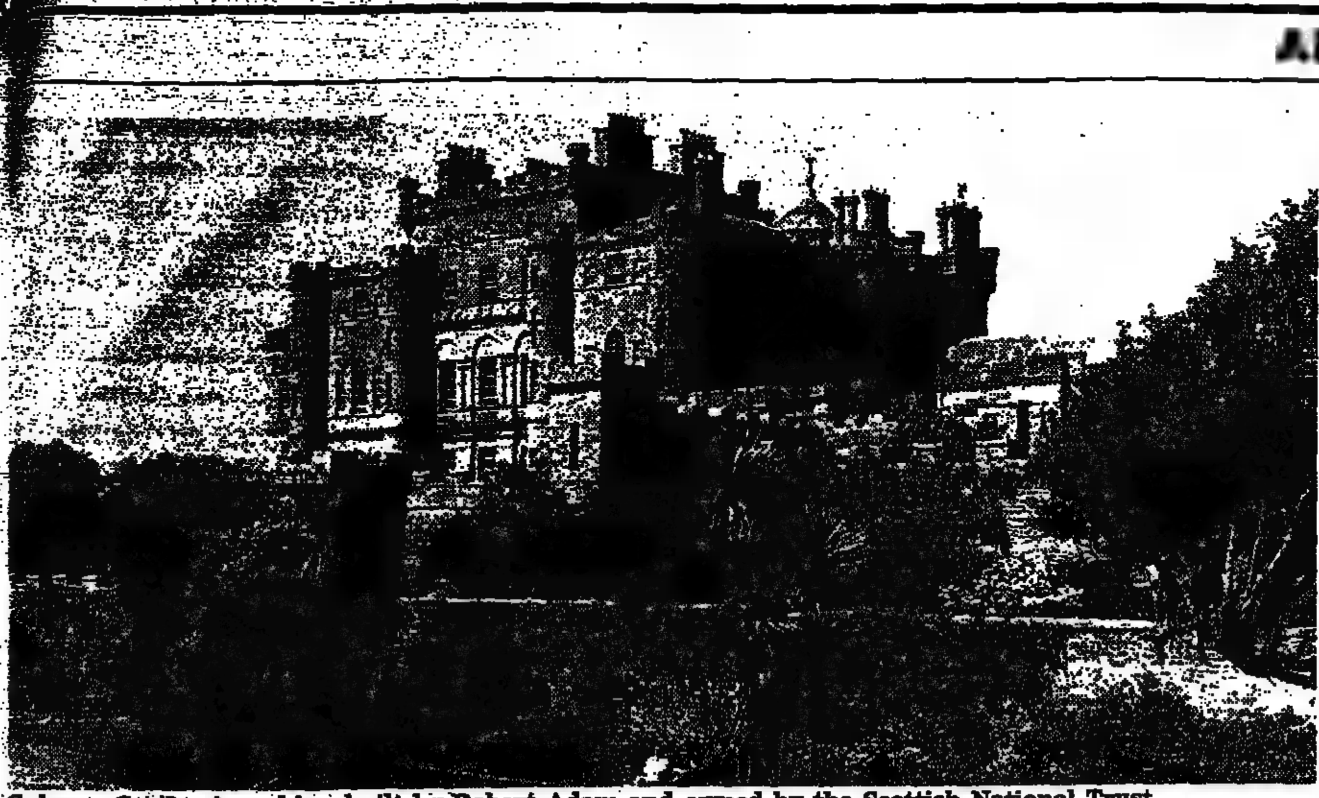

Culzean Castle, Ayreshire, built by Robert Adam and owned by the Scottish National Trust

ARCHITECTURE

Scots celebrate a Diamond Jubilee

The National Trust for Scotland is 60 this year. With the help of BP Exploration it is celebrating its Diamond Jubilee with an exhibition at The Burrell Collection in Glasgow called *Pride of Place* (until August 14). It is right and proper to enjoy an anniversary *but it is also the time for a few reflections.* The fact that Scotland's National Trust is completely *independent* from its English counterpart prompts some questions about the national differences in attitudes towards the heritage. No one visiting Scotland can ignore the fact that the Scots take the idea of Britain seriously: it is after all only the English who believe that England is Britain.

The Scots also take the idea of education seriously. It cannot just be a coincidence that both the British Museum and the National Gallery in London have Scottish directors. I felt very strongly on a recent visit to Scottish National Trust properties, particularly Culzean Castle and Country Park in Ayrshire, *that a democratic sense* of wanting to share the heritage exists in Scotland *in a way that it simply does not* in England. The Scottish National Trust also takes *its* mandate, "to promote the preservation [illegible] lands and buildings", very seriously. Promotion means taking a political role and encouraging important new Government initiatives such as the the new Scottish Natural [illegible]age, which will combine the functions of the Countryside Commission for Scotland and the Nature Conservancy Council. As a greening operation for its jubilee the Trust intends to plant 100,000 trees native trees to replenish the woodlands.

There are two particularly unusual and important initiatives that the Trust has taken in Scotland. One is the small houses scheme in *Culross which, by the establishment* of a revolving fund, enabled the *purchase and restoration of 18th and 17th* century vernacular houses in a small burgh on the Firth of Forth. This ingeniously financed scheme has allowed the upgrading of ordinary old houses which have great importance as an architectural group, and resulted in the resurrection of an *historical community.*

The second brave deed of the Trust was *the purchase of a typical* 19th century Glasgow tenement in 1982, which is now shown as a slice of precisely preserved social history. It is in the Garnethill residential district in Glasgow's West End and is a complete survival, with the furniture and domestic items of a family who lived there for more than 50 years.

It is the intelligent range of properties, either bought or given to the Trust, that is so remarkable. In Edinburgh the Trust occupies and shows the fine house by Robert Adam in Charlotte Square as well as the typical 17th century tenement building, Gladstone's Land in the Old Town. *The addition of Charles Rennie Mackintosh's* The Hill House at Helensburgh has given the Trust a remarkable and important example of early 20th century architectural design. There are lessons here for [illegible] English [illegible] Trust, always reluctant to take on urban property.

One of the most important houses owned by the Scottish National Trust is Culzean Castle in Ayrshire. Robert Adam's great stone castle on the cliffs overlooking the Isle of Arran is one of the most romantic houses in the world. It is also important as the great turning point in architecture where the neo-classical style and plan is breaking out of the castle style and bringing the light of Italy and the Mediterranean to Britain. It is important to remember, when you walk up the great oval *stair of Culzean, not just the spirit of* Vignola and his achievement at Caprarola, *but the fact that Robert Adam did invent* something entirely new. His style grew *and spread* around the world from St. Petersberg to Boston. As his contemporaries said, "all the world [illegible] Adamatic."

The opportunities at Culzean for learning about Adam are certainly there, but I was *slightly* disappointed at the way the house is shown. The lack of really good *furniture does not* help, and the use of the house for a flower festival is very unbe*coming.* Adam is frequently criticised and misunderstood for his "icing sugar" approach to decoration. What an irony to find in the great dining room at Culzean a monstrous display of spun sugar work on the mahogany table. I realise that these are only temporary lapses, but they undermine the only wa[illegible] that the art of architecture and decoration can be understood – and that is by elevating the experience of these houses, not using them to play to the gallery in a popular way.

The great success of the Culzean Castle *Appeal – some £2¼m raised from private* individuals and companies – is proof that there is public affection for the best. Much of this money is to be spent on the diligent restoration of the garden and park buildings. One million pounds will restore Adam's great viaduct that gives Culzean [illegible] truly picturesque approach. I hope some of the money will be spent on architectural education, too.

There are plans afoot for a major international exhibition devoted to the work of Adam that will be shown in Edinburgh, London and New York. This gives a special opportunity to reexamine both his decorative and architectural achievement. It should deal with the whole question of style and *how it is invented. If it happens,* this will not be until 1994. It is a challenge *to any organiser to ensure that it is not* just another "Treasures of Adam" type of *exhibition, but a didactic and pleasurable* display that enlightens and helps our *appreciation of the creative genius of this* remarkable architect.

Colin Amery

La clemenza di Tito

GLYNDEBOURNE

Mozart's last opera arrives this *bicentennial season for* [illegible] belated Glyndebourne premi[illegible], in [illegible] *production (sponsored* by IBM) that is in most *respects* a *triumph* [illegible] *intelli*gence and fine tuning. Other companies *(notably Covent* Garden in [illegible]) have led the way in challenging received opinion, in putting the [illegible] that this opera, far from being the marble white elephant of legend, dashed off in [illegible] and constructed of grandiose commonplaces, is Mozart's [illegible] mature re-investigation [illegible] *opera* [illegible]. But no previous production of my experience has devised so forcefully convincing an argument for the work [illegible] powerful, cogent neo-Classical *dramma per musica.*

In Glyndebourne's small theatre, and in a staging that [illegible] the talents [illegible] Andrew [illegible] (conductor), Nicholas Hytner (*producer*), *David Fielding* (designer)and Jean Kalman (lighting director), *La* [illegible] *di Tito* [illegible] treated with [illegible]tory seriousness.

Some apologists attempt to show that the opera can be made dramatic almost in spite of itself (one thinks of Ponnelle's fam[illegible] European productions, with their infusions [illegible] high melodrama). *Hytner* and [illegible] colleagues have *scanned the work to confront* its meanings afresh. And this, it seems, has led them *to examine* the libretto with a new respect which the audience is persuaded to share.

In Fielding's severe, brilliantly imagined single [illegible] – a rotunda enclosing a ramped stage with angled side walk[illegible] – the possibilities of making [illegible] opera [illegible] once ancient and modern [illegible]nant, and [illegible] clear-eyed authority [illegible] production realises [illegible] Roman visual details (costumes, fresco *motifs, the planting of statuary*, the use of an imperial-purple *front curtain) abound; epi*sodes of Roman ritual are achieved with severely dignified choral formations. And at [illegible] time this living [illegible] is placed with *fastidious acuteness in a "past" time-frame: the frescoes break* off in decay, the stage angles *and lighting* [illegible] hard late-20th-century planes of perspec[illegible].

What this double [illegible] *seems* [illegible] *is* [illegible] *Metasta*[illegible] text (as adapted for Prague by Mozart and the librettist Mazzolà) is worthy [illegible] re-examination in 1991. The side-stage image of a statue Titus, revealed during the overture, is balanced by that of Philip Langridge in the same pose and position [illegible] the opera ends; in between,the dramatic handling – and specifically Mr Langridge's wholly believable flesh-and-blood characterisation of [illegible] emperor – forces us to re-think, and [illegible] utterly, the old gibes about cardboard clemency.

The political and psychological perspicacity of the production is remarkable. Hytner's *gift of economical stage* activity that sheds new light on sit*uation and character leads to a* taut, complex treatment of the final scene: no automatic pardons and sanctimonious showers of praise but human beings stained forever by their choice of action.

Ashley Putnam's Vitellia ([illegible] b[illegible]ty intriguin[illegible] allows [illegible] to suggest modern Washington as well as ancient Rome) and *Diana Montague's* Sextus will never be the same *again;* and *Mr Langridge's* Titus is left a lonely, un-statue-like figure.

The [illegible] music [illegible] illumination: [illegible] seldom released more shafts of meaning, without losing their limpid mature-Mozart simplicity. And though on Friday evening the playing of the LPO was not always in full bloom, Davis's conducting showed a response to the staging – and, of course, the opera – that aptly *brought out both grandeur and* dramatic vitality. He can now *afford to instruct his singers* in the pressing need for a wider range of dynamics; the acoustical properties of the set promote volume more effectively than some appear to realise.

Alastair Muir

Ashley Putnam, left, and Diana Montague

The new recitatives by Stephen Oliver (replacing those underrated ones by Süssmayr) are bold and well-paced, if overly reliant on jagged intervals; but in the opening scenes the vocal loudness lent them an unnecessarily hectoring note.

This aside, it is a distinguished cast. Vocally,Miss *Montague's magnificently* stylish Sextus, so pure and *unforced of tone, so subtle* and shapely of phrase, and the *hot-blooded Annius of the* excellent French mezzo Martine Mahé (whose Italian words have particular bite and colour) are its outstanding members. Mr Langridge handles with typical skill the numbers that try his florid technique hard. Severely taxed at both ends of Vitellia's exorbitant compass, and in spite of a soprano not really "Classical" in timbre, Miss Putnam shows us a fascinating heroine – *impulsive,* undone by heedless reliance on her obvious physical charms.

Attractive Servilia (Elzbieta *Szmytka*); *unusually imposing* Publius (Peter Rose). The beauty and *deep seriousness of* the whole experience leave an impression that is far more than the sum of its vocal parts.

Max Loppert

La Cenerentola

COVENT GARDEN

What we had on [illegible] much [illegible] "revival" of Michael [illegible] *Rossini* [illegible]duction – made [illegible] *three years ago, acquired by* the Royal Opera last April – as [illegible] *completion or fulfilment* of it. [illegible] it plays splendidly, with a far better-matched cast in David Massarella's excellent "re-staging"of the action (more than just [illegible] loyal copy).

The late Mauro Pagano's austere-but-elaborate sets are lit with notable ingenuity by John B. Read, and shifted and switched up to pace with the conductor Carlo Rizzi's unrelenting brio. Anne Sofie von Otter's new Cinderella – her *first – is quite wonderful.*

Besides Rizzi, the other *mainstay from first time round* is Claudio Desderi's Don Magnifico, her reprobate stepfather, a ripe comic model of fluster and bluster. All the newcomers boast real virtues. Jeffrey Black's Dandini, the royal valet, is lively and personable; the romantic baritone timbre he likes to cultivate echoes a later period than Rossini's, I think, and it hampered authentically crisp, front-of-the-mouth articulation in his *presto* patter-singing (*Dandini* has a lot of that). As the royal *guru Alcindoro – something* between Prospero, Sarastro *and the Blue Fairy – Giorgio* Surjan offers a sweeping manner and sound musical sense.

Catriona Smith and Anne Mason are the mean step-sisters, neatly paired but no more seriously nasty than Desderi's Magnifico. Little Miss Smith, sullen and sulky, is a good foil for the mezzo Miss Mason's broader comic flair, bug-eyed and protesting.

The new Prince is Raúl Giménez, who wields [illegible] bright, lusty tenor in high Rossinian style.

The von Otter Cinders would triumph in any test. Her "Non *più mesta" at the end is thrill*ing. It is a rapturous assumption of her noble new role. It is also a benediction, radiant with love and forgiveness; it elevates the opera to a fresh height. Never mind if you can't get to Glyndebourne: just ring the Royal Opera without a moment's delay, and take anything they can offer for this enchanting *Cenerentola.*

David Murray

ANNE FRANK

COLISEUM

English National Ballet's *current triple bill is a horrid* example of perverse planning. Two light-weight pieces - the equivalent of Sir Thomas Beecham's lollipops - precede the inevitably harrowing *Anne Frank.*

If technical problems dictated [illegible] programme order, then the choice of works was wrong. If the choice was deliberate, then the management needs to reconsider the artistic shape [illegible] an evening in [illegible] theatre - and probably couldn't *order a meal* [illegible] without deciding that [illegible] tartare is a suitable pudding.

Anne Frank, new to the ENB repertory, has been acquired from the Argentinian choreographer [illegible] Wainrot. Wainrot's Polish Jewish ancestry, the loss of members of his family in the Holocaust, give his choice of subject a particular intensity. He has, commendably, treated his theme without hysteria, and has discerned in Anne Frank's diary *the story of a girl growing to* womanhood as a parallel to the horrors of her wartime situation.

There is a properly claustrophobic setting of an attic by Carlos Gallardo, which yields sudden views of the death camps as an omnipresent menace.

Wainrot's choice of score is Bartok's Music for strings, percussion and celeste, whose moods he turns to sure dramatic effect - Bartok's nocturnal sounds are well matched with the uneasy repose of the Frank family and their friends.

I am less convinced, though, by the interpolation of strains of *Lili Marlene* and the sound of pouring rain after each of Bartok's movements to remind us of the German military who haunt the action in caricatured fashion.

ENB's dancers give serious, well controlled interpretatio[illegible]. Josephine Jewkes is delicate, true, in capturing both Anne Frank's [illegible] and [illegible] developing [illegible] life; Dominick [illegible] and [illegible] Calderini as her parents, and the other members of the cast, preserve the integrity of historical fact in playing that is *always dignified.*

The evening begins with Ronald Hynd's *The Sanguine Fan*, a Wildean caprice which the company - with the exception of the beautiful Louise Hynd, who makes excellent sense of her worldly role as she does of her pretty frock - present with the wit and lightness of undertaker's mutes.

There is not much more lilt to their account of Vincenta Nebrada's *Our Waltzes* which follows. This is a flimsy but [illegible] display [illegible] one-two-[illegible] inspired by [illegible] salon waltzes of Teresa Carreno. These are naggingly alike, and [illegible] so [illegible] five couples, which make one regret the fashion for piano [illegible].

The choreography suggests the swoons and swirls of exhibition skating at its most predictable, but when the Royal *Winnipeg* [illegible] *presented* [illegible] *Waltzes* in London a few years *ago , the presence of Evelyn* Hart, bending, reed-slim, to the music's pulse, was a flame dancing about the stage. Nothing so magical happened on Friday night with ENB's artists. It was all dreadfully worthy, and if waltzing is that, it is nothing.

Clement Crisp

Liverpool Oratorio

ANGLICAN CATHEDRAL, LIVERPOOL

An unbroken 105 minutes of turgid choral [illegible] given [illegible] performances, première and deuxième, at Liverpool this [illegible]end: a Sargasso Sea [illegible] inertia with [illegible] decent tunes *and* [illegible] *lot of maundering,* [illegible] and flat-voiced banality.

[illegible] all [illegible] world must know by now, it is entitled Paul McCartney's *Liverpool Oratorio*, [illegible] ascribed to Paul McCartney [illegible] as [illegible].

[illegible] far [illegible] one [illegible] it, [illegible] collaboration has worked out as follows: the former has provided the "inspiration", in the form [illegible] the libretto (on the "Liverpool life" of the boy Shanty – Indian word *for peace, geddit? – and* the girl Mary Dee) and the *melodic starting-points;* the latter has spun them out into a *soi-disant* oratorio for the 150th birthday of the Royal Liverpool Philharmonic Society.

Davis's [illegible] conducting the Royal Liverpool Philharmonic Orchestra and Choir, the Liverpool Cathedral boy choristers, and four [illegible] soloists: Jerry Hadley (his high lyric tenor in excellently sweet, soaring form) as Shanty, Kiri [illegible] Kanawa [illegible] Mary Dee, and Sally Burgess and Willard [illegible] *as an* [illegible] *of* [illegible] – teacher, nurse, *preacher, workmate* – on their [illegible] adulthood, marriage and (after a rocky start) domestic happiness-ever-after. It all [illegible]tic respectability; which is itself [illegible] large part [illegible] problem.

Why the [illegible] should have wanted to mark his own half-century of [illegible] with a Life Statement on this scale is a mystery.

Having [illegible] go for [illegible] in the traditional English-oratorio form, the part[illegible] *in the end suffo*cated by it. After a pleasing start, in the opening movements, "War" and "School", McCartney's melodies begin to sound terribly samey.

The finale, a hymn to the joys of bourgeois domesticity, sums up, alas, the achievement: so un-challenging, so fearfully worthy, so *dull.*

Max Loppert

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Concertgebouw [illegible] Frans Bruggen [illegible] Orchestra [illegible] 18th Century in a Haydn programme, with Marinella [illegible] soprano soloist. Wed: violin recital [illegible] Frank Peter Zimmermann. Thurs: Hans Vonk conducts Netherlands Radio Philharmonic Orchestra (6718 345)
[illegible] van Beriage 20.15 Jean-Jacques Kantorow conducts Orchestra of the Rotterdam Conservatoire in Tchaikovsky's Serenade for Strings, Shostakovich's Concerto for piano, trumpet and orchestra, plus The Rite of Spring (6270 466)
Muziektheater 20.15 Dutch National Ballet triple bill: William Forsythe's Artifact II, a new work by Toer van Schayk and Nijinska's Les [illegible] Repeated tomorrow and Wed. Fri: Rudi van Dantzig's farewell programme (6255 455)

BERLIN

Deutsche Oper 19.00 Christoph Prick conducts [illegible] Friedrich's production of Le nozze di Figaro, [illegible] Margaret Marshall [illegible] the Countess, Marie McLaughlin as [illegible] Sima [illegible] Cherubino, [illegible] Thurs. Tomorrow: Fidello. [illegible] Der Freischutz (3410 249)
Schauspielhaus [illegible] Hans-Joachim Rotzsch conducts Leipzig Thomaner [illegible] in a programme [illegible] Bach. [illegible] and [illegible] Jorg-Peter [illegible] Staatskapelle in music [illegible] *Gruner, Richard* [illegible] and Dvorak. Fri: John Eliot Gardiner [illegible] English Baroque [illegible] recital [illegible] Peter [illegible] (2272 261)

COLOGNE

Philharmonie 20.00 [illegible] Conlon conducts [illegible] Gurzenich [illegible] Bruckner's Seventh Symphony and Mozart concert [illegible] Repeated [illegible] (2801)
Opernhaus 20.00 Broadway production of [illegible] Story, runs till Sat (221 8400)
Schauspielhaus 19.30 Tanz-Forum opens [illegible] 18th annual Week of Modern Dance. Tonight: [illegible] by Joe Alegado, Richard Wherlock and Jochen Ulrich (221 8400)

GENEVA

Grand Theatre [illegible] Gabriele Ferro conducts Rossini's Guillaume Tell, [illegible] van Dam in the title role, Chris Merritt as Arnold and Jane Eaglen [illegible] Mathilde. This is the final performance [illegible] the [illegible] opera season (212311). Thurs at Hotel de Ville: Michel Tabachnik conducts the Orchestre de la Suisse Romande (289982)

GLASGOW

Royal Concert Hall [illegible] Herbie [illegible] and Wayne [illegible] open [illegible] organised by [illegible] Glasgow [illegible] Jazz [illegible]. Tomorrow: [illegible] Wed: Cleo Laine [illegible] John Dankworth. Thurs: [illegible] B King. Sat: [illegible] 227 5511)

LONDON

MUSIC AND DANCE
Coliseum [illegible] English National Ballet triple bill: [illegible] Anne Frank, Ronald Hynd's The Sanguine Fan and [illegible] Our Waltzes. Tomorrow and Wed: John Cranko's Onegin. ENB Coliseum season runs till [illegible] (071 836 3161)
South Bank Centre 19.45 Louis Armstrong anniversary concert [illegible] Humphrey Lyttleton [illegible] his Band: the 22nd annual tribute [illegible] a 70th birthday tribute [illegible] Lyttleton, [illegible] Britain's leading jazz musicians, who took part in the first of these anniversary concerts [illegible] 1972. Tomorrow: Sinopoli [illegible] Verdi's Requiem. Sun: Paul McCartney's Liverpool Oratorio. From today till [illegible], the South Bank Centre [illegible] the National Festival [illegible] Music for Youth, [illegible] daytime and evening events, culminating on [illegible] with Keep Music Alive in Our [illegible] Day, during which [illegible] Rattle [illegible] conduct the [illegible] youth [illegible] ever [illegible] (071 928 8800)
Purcell [illegible] 20.00 [illegible] Schumann programme with Blundell's [illegible] (071 [illegible] 8800)
Royal Albert Hall 19.30 [illegible] Peterson, with Herb Ellis [illegible] Ray Brown [illegible] 589 [illegible]

THEATRE
Plays
The Lyric Hammersmith [illegible] 836 3464) [illegible] presents a limited run [illegible] performances [illegible] widely-travelled [illegible] Royal, Plymouth, production [illegible] Daphne du [illegible] Jamaica Inn, [illegible] William [illegible] as [illegible] Innkeeper.
The Royal Court opens [illegible] week-long run on [illegible] Rose English: The [illegible] *Wedding, featuring* ice-skaters, [illegible] the imagination and humour [illegible] an [illegible] mind.
[illegible] Tattoo, at the **Playhouse**, [illegible] Hall Company production [illegible] Williams' play [illegible] Louisiana in the 1940s, with Julie [illegible] mourning young [illegible] whose spirits [illegible] lifted [illegible] the arrival of a truck driver.
At [illegible] **Comedy**, [illegible] returns to the role he [illegible] 31 [illegible] ago in Pinter's enigmatic play The Caretaker, this time directed by the author himself.
Edward Fox [illegible] Tim Brooke-Taylor [illegible] in a revival [illegible] Christopher Hampton's comedy The Philanthropist [illegible] **Wyndham's.**
For ticket information [illegible] all West End shows, phone Theatreline from anywhere in [illegible] Plays 0836 [illegible] 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MILAN

Teatro alla Scala 20.00 Riccardo Muti [illegible] Jerome Savary's production [illegible] Attila, with a [illegible] by Linda Roark-Strummer, Ferruccio Furlanetto and Paolo Gavanelli, [illegible] Thurs, [illegible] and next Mon. Tomorrow: [illegible] boheme, with Mirella Freni as Mimi and Roberto Alagna as Rodolfo [illegible] 3744)

MUNICH

Philharmonie [illegible] Jiri Belohlavek [illegible] Philharmonic [illegible] in [illegible] overture, [illegible] Fifth Symphony [illegible] Violin Concerto, with [illegible] Tretyakov, [illegible] tomorrow [illegible] 614)
Staatsoper [illegible] *Opera* [illegible] opens [illegible] Sat with [illegible] premiere of [illegible] Ubu Rex, [illegible] on Sun by a revival of Intermezzo conducted by [illegible] Kuhn, with Felicity Lott [illegible] Christine [illegible] Hermann Prey as Storch. The [illegible] runs till July [illegible] (221316)

NEW YORK

MUSIC
Metropolitan Opera 20.00 Bolshoy Opera production of Rimsky-Korsakov's opera-ballet Mlada, [illegible] tomorrow. Wed and Fri: Tchaikovsky's [illegible] of [illegible] (362 6000)
THEATRE
Broadway Getting Married, [illegible] Shaw's 1908 play taking a comic look at marriage, has just opened at the Circle in the Square, in a production directed by Stephen [illegible] with [illegible] by Holly Hynes. The cast [illegible] led by Simon Jones, Victoria Tennant and [illegible] Richardson.
Lost in [illegible] **Richard Rodgers Theater** is Neil Simon's Pulitzer Prize-winning play about an embattled [illegible] family in 1942.
The Will Rogers Follies, which [illegible] six Tony [illegible] including [illegible] musical, is an old-fashioned all-American extravaganza directed with customary flair by Tommy Tune at [illegible] **Theater**, with [illegible] led [illegible]
John [illegible] Degrees [illegible] Separation, [illegible] **Vivian Beaumont Theater,** [illegible] comedy about [illegible] young [illegible] man [illegible] dupes [illegible] wealthy [illegible] Yorkers.
Ticketron [illegible] inquiries [illegible] 0102)

PARIS

[illegible] Bastille 19.30 Armin Jordan [illegible] Robert [illegible] production of Die Zauberflote. The [illegible] is [illegible] Winbergh, Cynthia Haymon, Christian Boesch, Wolfgang [illegible] and Carsten Stabell. The production runs till July 19, with next performances on Wed and Fri (4001 1616)
[illegible] 20.30 Beaumarchais' Le Barbier [illegible] Seville, [illegible] Fri. The repertory for the [illegible] the [illegible] includes [illegible] comedy La [illegible] (tomorrow), [illegible] La Tragedie du roi Christophe (Wed [illegible] Sat) and [illegible] Le [illegible] imaginaire (Thurs). The season continues till July 31 (4366 4360)

STUTTGART

Staatstheater [illegible] Three one-act operas by [illegible] Krenek. Tomorrow and [illegible] Navarro conducts [illegible] Saura's new production of Carmen, with Martha Senn in title [illegible] and Neil Shicoff [illegible] Don Jose. [illegible] Michael Schonwandt [illegible] Don Giovanni. [illegible] and next Mon: Garcia Navarro [illegible] music by Falla in [illegible]. The season continues till July [illegible] (221795)

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0700-0830 Financial Times Business Report
A five minute business briefing *broadcast three times between* 0700 and 0800
2220 - 2250 (Wed) Financial [illegible] Weekly - the [illegible] round-up [illegible] business news with [illegible] Bellini and [illegible]ton.
0830 & 2030 (Thurs) Financial [illegible] *Business Weekly*
Sky [illegible]
1200 International Business Report
2130 (Thurs) Financial Times Business [illegible]

SATURDAY
CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joi[illegible] FT/CNN production
1540-1610 Moneyweek
[illegible] World Business This Week
[illegible] Money

SUNDAY
Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly
Sky News
1030-1100 FT Business Weekly
CNN
0710-0740 Moneyweek
[illegible] Money
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FINANCIAL TIMES

NUMBER ONE [redacted] BRIDGE, [redacted] 9HL
Telephone: [redacted] 3000 Telex: 922186 Fax: 071-407 5700

Monday July 1 1991

Yugoslav test for Europe

HOW WILL it be known to future generations? The Yugoslav civil war? The Slovene war of indepen[redacted] The beginning of the Great Balkan wars? Or simply the 1991 Yugoslav crisis? No one knows. But it is, for certain, the first real test of the post-cold war security order in Europe. As such, it will have very important consequences well beyond the borders of Yugoslavia.

Tempting providence, one other prediction can be made: this will not be the beginning [redacted] the third world war. Although some of the local factors in [redacted] Balkans appear to have changed little since 1914, the international context is very different, even from five years ago. Europe today is no longer an armed camp of rival [redacted] or power blocs, [redacted] ready to react instantly to the smallest encroachment by the other on its interests or those of its protégés.

[redacted] not mean the Yugoslav conflict can safely be ignored. Even without igniting [redacted] Europe-wide conflagration, the break-up of Yugoslavia on ethnic lines can trigger several international conflicts within the Balkans, as well as giving [redacted] potent example to other coun[redacted] central [redacted] eastern Europe where ethnic communities are in dispute.

And even if the conflict is contained within Yugoslavia it is all too likely to produce waves of refugees, mainly towards western Europe, most obviously Austria and Italy, [redacted] northern and western neighbours, but including others, notably Germany, with substantial [redacted] anxious immigrant populations from Yugoslavia.

Focus of aspirations

Also, [redacted] European Community has [redacted] degree of leverage, and [redacted], not only as the donor or organiser of large amounts of [redacted]nomic aid, but [redacted] as the [redacted] of aspirations among all the peoples of Yugoslavia. Croats and Slovenes may think they can "join Europe" by escaping from Yugoslavia, but the Serbs do not regard themselves as any less European. Last week's [redacted] at mediation by the EC [redacted], significantly, [redacted] response to appeals both from the breakaway republics and from the federal government. It is clear, moreover, that in this region the US is happy to leave the initiative to Europeans.

Finally, normal human feelings forbid other Europeans to watch idly while Yugoslavia slides into chaos and all-out war. In more distant places impotence may be an acceptable excuse, but in Yugoslavia feelings of solidarity [redacted] reinforced by physical proximity, and by the principles of the Conference on Security and Co-operation in Europe ([redacted] which have eroded, if not quite abolished, the formerly sharp distinction between [redacted]ternal and external affairs.

Observer force

But what can be done? Mediation, even backed by leverage, has not been an instant success. Can troops be sent to stop the fighting, and if so whose? Nato has no standing in the matter, since none of its members has been, or is likely to be, attacked. No foreign government will wish to involve its forces in the fighting on one side or the other; and given the complexity of the issues that is surely wise.

An observer force to help police an agreed [redacted] while negotiations are [redacted] seems a more feasible option. In other parts of the world such forces operate under the United Nations flag, but in Europe a CSCE flag might be appropriate, while the Western European Union, perhaps acting on [redacted] steer from the EC, [redacted] the levying [redacted] despatch of appropriate units from among its members.

Clearly the institutional mechanisms of the post-cold war European order are not yet in place. But in real life institutions are more often improvised to deal with specific cri[redacted] built from a comprehensive [redacted] design. The Yugoslav crisis has at least given some tangible reality to the issues discussed [redacted] by the CSCE foreign ministers in Berlin, and by the EC heads of government in Luxembourg. The EC's need for [redacted] common foreign and security policy, and the need of Europe as [redacted] whole for institutions to manage conflicts and settle [redacted], is being all too graphically demonstrated.

Kuwait needs to do better

THE DECISION by Kuwait to commute the death [redacted] passed on people [redacted] nationalities accused of collaborating with the Iraqi occupa[redacted] suggests some improvement in the [redacted] sensitivity [redacted] opinion. It is not before time.

The decision to prosecute others similarly accused before the civil courts, and not military tribunals, is also to [redacted] during the past two months, too little evidence has been produced to support charges which, [redacted] the [redacted] been more obviously culpable, could have merited the severity of the sentences passed down by the military judges.

The Kuwait government should [redacted] next logical step and order [redacted] full review of [redacted] produced [redacted] original hearings and provide proper opportunities for defence lawyers [redacted] could go some way towards dispelling the image of a vengeful government seeking retribution [redacted] least [redacted] themselves, while [redacted] Kuwaiti nationals apparently escape any blame for what [redacted] military [redacted] To have spent [redacted] many billions on dollars on [redacted] such little [redacted] should surely demand an official inquiry conducted with the [redacted] as that [redacted] on pursuing [redacted].

It is not, of course, [redacted] responsibility [redacted] coalition [redacted] – [redacted] war aim was to restore the legiti[redacted] government of Kuwait – [redacted] attempt now [redacted] what form [redacted] government should take. But, having been liberated at such cost, Kuwait, and especially the ruling al-Sabah family, cannot escape all politi[redacted] consequences.

Political price

The Gulf [redacted] made obvious what was already well known. Kuwait, like other Gulf emirates, [redacted] defend [redacted] against a larger and more determined predator. There is a political price to be paid for such dependence and Kuwait has been hearing it ever more emphatically from a succession of visiting ministers.

The domestic [redacted] achieved by President Bush in restoring US military pride is being tarnished by what his troops have left behind in the Gulf. [redacted] Saddam Hussein remains in power and [redacted] disturbing signs of recovering some of his self-confidence. The Kurds in the north and [redacted] in [redacted] continue to suffer [redacted]bly at his hands. There is little [redacted] security order emerging in the Gulf or of any progress having been [redacted] resolving [redacted] Arab-Israel conflict.

Dismal list

It would be helpful to Mr Bush and his western allies if, to offset this dismal list, there could be [redacted] one example in support of the argument that there was more [redacted] the Gulf war than denying the acquisition of territory by force or securing future oil supplies. [redacted] only people [redacted] far [redacted] have benefited directly from the vast international military effort, there was inevitably some hope that liberated Kuwaitis would respond accordingly.

It would be unfair to expect too much, too quickly from a small country recovering from the trauma of occupation. But the continued abuses of human rights, the arbitrary expulsion [redacted] Iraq, the denial [redacted] basic [redacted] rights to Kuwaitis [redacted] in the country throughout the occupation, [redacted] the apparent lack [redacted] commitment by many nationals [redacted] getting [redacted] country fully on its [redacted] again, remain extremely disturbing on [redacted].

First, it [redacted] the [redacted] when Kuwait [redacted] responsibly resume [redacted] place within a regional security framework. The absence [redacted] coherent national policy which would attract the support of the majority of the population, together with a proliferation of weapons in private hands, is a potentially dangerous mix.

Second, Kuwait must [redacted] that the image it has projected since liberation will not help western governments attract public support for military [redacted] should the emirate again be [redacted]. If Kuwait's western supporters ever begin to think like [redacted] its Arab [redacted] then it will have lost [redacted] only valid insurance policy.

Martin Wolf argues that radical policy changes are needed in both east and west Germany if economic union is to succeed

A nation unified, and yet apart

The economic integration of the erstwhile German Democratic Republic into an enlarged Federal Republic began, with German economic and monetary union (Gemu), [redacted] year ago. The absorption of a closed, socialist economy into the world's third-largest industrial market economy let loose the gales of what the great Austrian economist, Joseph Schumpeter, called "creative destruction". So far east Germany has experienced the destruction and west Germany the creation:

- East German industrial production fell by 43 per cent between July 1990 and February 1991. But west German industrial output rose by 8 per cent between July 1990 and April 1991.
- East German gross national product fell by about 15 per c[redacted]t between 1989 and 1990 and is likely [redacted] fall by at least as much between 1990 and 1991. West German GNP rose by 4.5 per cent between 1989 and 1990 and is projected by the Organisation for Eco[redacted] Co-operation and Development to grow by 2.8 per cent between 1990 and 1991.
- The number of registered unemployed in east Germany rose from 270,000 in July 1990 (2.8 per cent of the unsustainably large labour force of the end of 1989) to 840,000 [redacted] cent) in May 1991 and the number on short-time work rose from 660,000 (6.7 per cent of the labour force) to 1.96m (20.1 per cent). Some [redacted] Germans commute daily [redacted] the west, while net migration since 1989 [redacted] at about [redacted] a million. Meanwhile, the number of unemployed in west Germany has fallen from 1.86m (6.4 per cent of the labour force) in July 1990 to 1.6m (5.4 per cent) in May 1991.
- Only in wages have the two economies grown closer together. The ratio of wages per employee in east Germany to that in west Germany rose from 32 per cent in the second half of 1989 (and even that only at the generous conversion rate of one to one) to about half in the first half of 1991.

Most eastern industry will have to close unless there is massive productivity improvement or continued subsidies

Because of declining output, labour costs per hour worked in east Germany rose by 73 per cent between the second and fourth quarters of 1990. [redacted] pattern-setting contract with [redacted] metal workers' union in March 1991, is expected to achieve parity in [redacted] (though not in fringe benefits) in 1994.

Gemu followed [redacted] short, but intense debate, which pitched the politicians, notably Chancellor Helmut Kohl, and the population of [redacted] Germany against Mr Karl Otto Pöhl, the president of the Bundesbank, and most west German [redacted] Given what has since happened in the [redacted] Union, Mr Kohl was perhaps more right on the politics than he knew. But the economists were more right on the economics than they knew.

At the time of currency union it was thought that perhaps a third of east German companies would go out of business. It is now clear that most eastern industry will have to close, in the absence of massive productivity improvement or continued subsidisation. [redacted] wonder Mr Pöhl described unification as a "disaster".

It has been an expensive one. East Germany now receives what must be [redacted] largest transfer programme, in relation to the income of the recipient, in history. According to Mr Horst Siebert, president of the Kiel Institute of World Economics, more than half east Germany's GNP consists of transfers.[1] In [redacted] the [redacted] of the [redacted] German public sector, to be covered by west German taxes and borrowing on west German credit, is expected to be about two-thirds of total east German public spending (and roughly equal to Polish GNP).

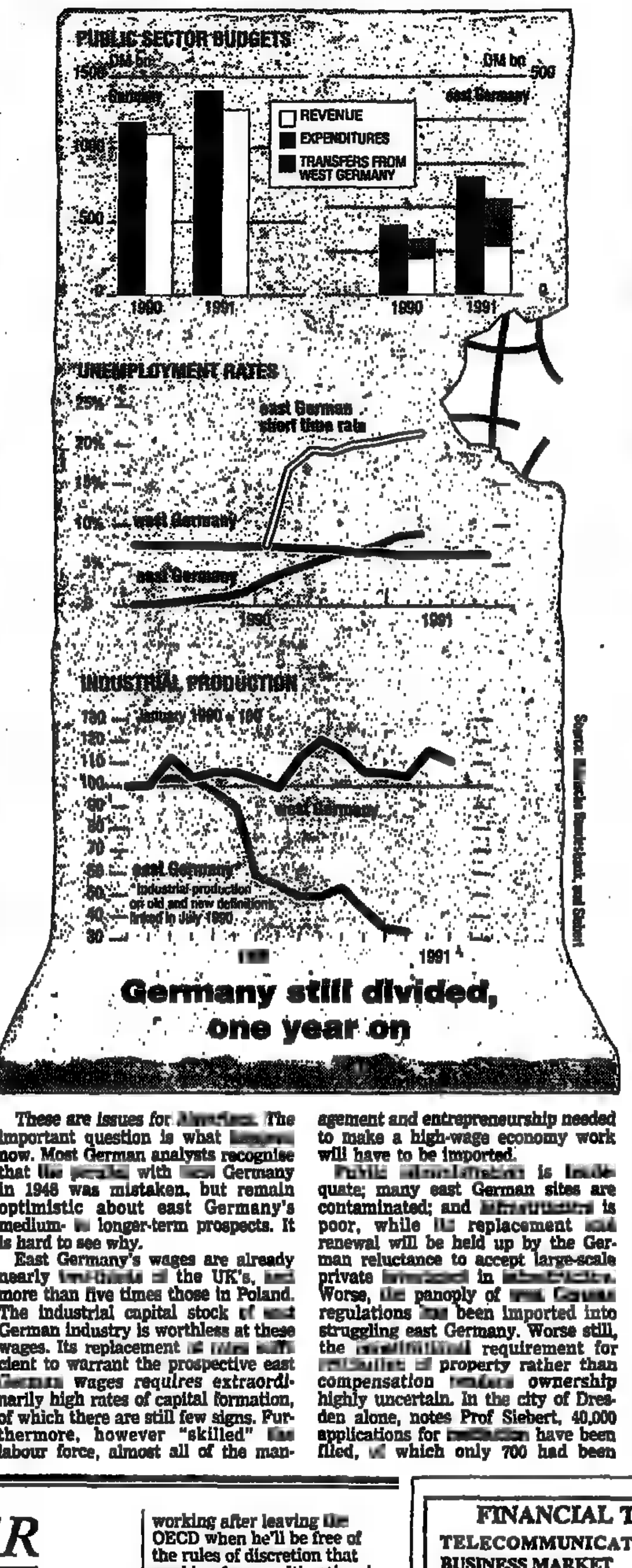
West Germany can afford this, but only up to [redacted] point. The overall German government budget deficit was DM80bn (£27bn) in 1990 (3 per cent of GNP). At the time of Gemu, Mr Theo Waigel, the finance minister, claimed that the total borrowing requirement in 1991 would be DM86bn. But, partly because of [redacted] near-total failure to cut public spending in west Germany, this proved to be one of a long series of over-optimistic forecasts. By May 1991, the budget deficit for 1991 was expected [redacted] be DM140bn-DM150bn (5 per cent of GNP).

These developments have been important not only for Germany, but for [redacted] world economy. Perhaps unavoidably, [redacted] long-term interest rate increased by 2 percentage points once unification came in view, giving Germany a real rate of interest, at current rates of inflation, of 5 per cent to 6 per cent. Partly because of the Bundesbank's desire to warn politicians of the fiscal peril, short-term interest rates ha[redacted] also been high. As in the [redacted] in the early [redacted] monetary policy combined with loose fiscal policy resulted in an appreciation of the real exchange rate in 1989 [redacted], rapid growth in [redacted] demand and [redacted] deterioration in the external position. [redacted] current-account surplus [redacted] peaked at 5 [redacted] cent of GNP in early 1989 turned into [redacted] deficit of about [redacted] per cent of GNP in the first quarter of 1991.

In retrospect, the most important mistake was that even the pessimists were too optimistic. Overall east German output per head was probably a third of that in the west, but that in industry was still worse. According to detailed calculations b[redacted] a [redacted] of economists from [redacted] University [redacted] California at Berkeley, a wage subsidy of 75 per cent would have been necessary to make the 88 least bad *Kombinate* (east German conglomerates), employing 77 per cent of the labour force, viable at their costs [redacted] to Gemu (let alone after the subse[redacted] wage [redacted].[2] If [redacted] the [redacted] needed to keep much of east German [redacted] afloat [redacted] about 10 per cent of the west German one. A subsequent paper by two German economists argues that the [redacted] team may be too optimistic.[3]

Currency conversion at the chosen [redacted] of one-to-one [redacted] not [redacted] helped, but its significance should not be exaggerated. The shift of [redacted] spending towards western goods following Gemu was an important reason for the collapse in east German production. But this – plus the disappearance of trade among former Comecon members – was just the poisonous icing on an inedible cake.

That wages rose [redacted] Gemu, despite soaring unemployment, sug[redacted] that [redacted] lower conversion [redacted] might have been followed by a still more rapid increase in nominal [redacted]. The importance of the chosen conversion [redacted] political, since it could be seen as [redacted] commitment to the implied level of east German wages, irrespective [redacted] manage to earn in the market.



Germany still divided, one year on

These are issues for [redacted]. The important question is what [redacted] now. Most German analysts recognise that [redacted] with [redacted] Germany in 1948 was mistaken, but remain optimistic about east Germany's medium- [redacted] longer-term prospects. It is hard to see why.

East Germany's wages are already nearly [redacted] the UK's, [redacted] more than five times those in Poland. The industrial capital stock [redacted] east German industry is worthless at these wages. Its replacement [redacted] cient to warrant the prospective east German wages requires extraordinarily high rates of capital formation, of which there are still few signs. Furthermore, however "skilled" [redacted] labour force, almost all of the management and entrepreneurship needed to make a high-wage economy work will have to be imported.

[redacted] is inadequate; many east German sites are contaminated; and [redacted] is poor, while [redacted] replacement [redacted] renewal will be held up by the German reluctance to accept large-scale private [redacted]. Worse, [redacted] panoply of [redacted] regulations [redacted] been imported into struggling east Germany. Worse still, the [redacted] requirement for [redacted] property rather than compensation [redacted] ownership highly uncertain. In the city of Dresden alone, notes Prof Siebert, 40,000 applications for [redacted] have been filed, [redacted] which only 700 had been decided by May 1991.

It is, in short, easier to think of [redacted] why east Germany will become Germany's *mezzogiorno*, with the current level of transfers, or its Ireland, without them, rather than why it will succeed. The persistent optimism seems to be partly explained by an unwillingness to contemplate failure; but, more worryingly, also [redacted] an unwillingness to contemplate what [redacted] be [redacted] if failure is to be avoided.

First and foremost, the east German economy should be freed from economic regulations quite inappropriate to a struggling economy in transformation.

Second, [redacted] structure and role of the privatisation agency, the Treuhandanstalt, should be re-examined. This colossus is responsible for [redacted] companies (up from the initial 8,000, due to sub-division), 40,000 plants and 4.7m employees. Its role is to "restructure and privatise the previous government-owned firms", an impossible task outside the service sector, since the Treuhandanstalt does not have the knowledge to restructure all these enterprises, while most are hopelessly unviable unrestructured. No wonder only 12 per cent of indus[redacted] companies had been privatised by March. The Treuhandanstalt is in danger [redacted] degenerating, instead, into a focus of political pressure for indefinite subsi[redacted] It should be divided up and the parts turned [redacted] actively-managed funds after either sale or free distribution of shares.

Third, as the Berkeley economists [redacted] the logical subsidy is one for wages. The alternative is not absence of subsidies, but [redacted] higgledy-piggledy collection of ad hoc subsidies [redacted] investment, to unemployment and, worst of all, to dying enterprises. If the government fears comprehensive wage subsidies, they could be granted at the margin, for retraining and jobs either in new enterprises or in privatised old ones. Possible effects of such subsidies on the wage level can be limited by relating [redacted] subsidy inversely to the wage gap *vis-à-vis* west Germany.

Yet the required changes cannot be limited [redacted] alone. It [redacted] unlikely, [redacted] example, [redacted] unemployed east German labour can be absorbed within east Germany even in the medium term. Since the industrial capital per head for Germany as [redacted] whole is now perhaps 20 per cent less than in the old west Germany, wage increases must be limited if the additional labour is to be absorbed. Equally, the growth dividend alone is unlikely to restore fiscal balance. Subsidies in west Germany – now running at about DM130bn a year – will have to be cut as well.

A year after Gemu [redacted] new Germany is coming into view: a fiscally expansionary Germany, a Germany whose monetary policy is under pressure and [redacted] Germany with a current [redacted] most importantly, it is [redacted] Germany with a deep and perhaps enduring internal [redacted]sion. If Berlin is not to be [redacted] capital all too conveniently located for the [redacted]bying of an embittered eastern population, radical change will be needed not only in policy towards east Germany but in the German social market economy of the 1990s.

[1] *Horst Siebert, [redacted] the [redacted] of Transition, Kiel Working Paper No. 469a, May 1991, forthcoming [redacted] Policy.* [2] *George A Akerlof, Andrew K [redacted] Janet L Yellen and Helga Hessenius, East Germany in From the Cold: The Economic Aftermath of Currency Union, Brookings Papers on Economic Activity, 1, [redacted]* [3] *Klaus-Werner Schatz and [redacted] Schmidt, "German [redacted] Real Economic Adjustment of the East German Economy [redacted] the Long Run," paper presented at a conference [redacted] the Transformation of Socialist [redacted] at the Kiel [redacted] for [redacted] World Economy, 26-28 June 1991.*

High hopes in Frankfurt

Germany may be moving its political capital from Bonn to Berlin, but Frankfurt is determined to remain the financial centre, and one of the country's top banks plans [redacted] new building to prove it.

To add an international touch, Commerzbank leavened [redacted] mostly German architects it asked to tender designs for [redacted] new headquarters with a sprinkling of outsiders. And the winner chosen from the dozen contenders turns out to be Britain's Norman Foster, responsible for the controversial HQ of the Hongkong and Shanghai Bank besides several eye-catching edifices in the UK.

The Hong Kong building soared high over budget, something Commerzbank does not intend to see repeated. With [redacted] strong accent on the environment, as well as efficiency and pleasant surroundings – there will be gardens at various levels of the 50-storey structure – Foster's airy three-sided design looks bound to stand out even in Frankfurt, the only German city with an American-type skyline. Moreover Martin Kohlhaussen, head of Commerzbank whose staff is now spread among 30 buildings, says it will continue expanding there.

Even [redacted] the £240m building will not be the city's tallest. That distinction will stay with the Messeturm (trade fair tower), designed by Helmut Jahn, the equally controversial German-American architect.

OBSERVER

Clear profit

Observer's award for making [redacted] virtue of necessity goes to Philippines President Corazon Aquino. Needing funds to help the thousands made homeless by the eruption of Mount Pinatubo, she aims to export bottles of the volcano's ash priced [redacted] US$10 apiece.

The sales should afford a handsome margin for [redacted] work. The jobless youths deployed to clear up the volcanic ash in the affected areas are paid for it [redacted] cents a sack.

Income problem

The hallowed courts of Trinity College, Cambridge, have lately been haunted by an unusual number of City slickers. The college – reputed to be third only to the Queen and the Church of England as a landowner – has been interviewing for the post of senior bursar.

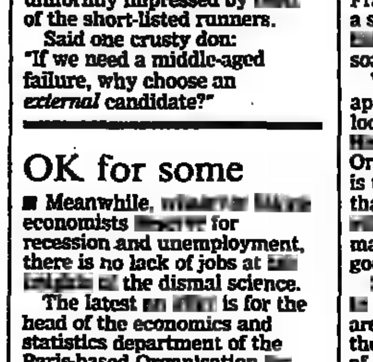
Besides carrying responsibility for managing large estates including Felixstowe docks, Britain's largest container port, the job has a peculiar aspect. The recruit will be expected to increase the college's assets while minimising its revenues.

Trinity's fellows are hard-pressed to know what to do with its income, which some dons put at £10m [redacted] year. After all, they've already revamped the Great Court, and made the wine cellar the best in Cambridge – a not unimpressive feat.

The college does not get much practice at selecting bursars, having had only three in the past 100 years. The latest, 67-year-old John Bradfield who is soon to retire, was appointed at a mere 29.

The custom has been to fill the job from among the dons. But the college has now broken with tradition by drawing up a short-list on which a single don is outnumbered five-to-one by City-types, including [redacted]-bank directors and [redacted] chief investment strategist.

The move has divided the senior common room, some members thereof being aghast at the idea of a City slicker in their midst. Nor are they



"Scrap the memoirs, and write a book about John Major."

uniformly impressed by [redacted] of the short-listed runners.

Said one crusty don: "If we need a middle-aged failure, why choose an *external* candidate?"

OK for some

Meanwhile, [redacted] economists [redacted] for recession and unemployment, there is no lack of jobs at [redacted] the dismal science.

The latest [redacted] is for the head of the economics and statistics department of the Paris-based Organisation [redacted] Economic Co-operation and Development. Present chief David [redacted] will [redacted] next spring [redacted] encompassing academia and [redacted] the UK and a spell at [redacted] Bank, before [redacted] 1984 move [redacted] the OECD.

Although Henderson has been shy [redacted] publicity, he was a memorable Reith lecturer in [redacted] and has been increasingly outspoken in [redacted] cause [redacted] free [redacted] may well become still more so, [redacted] his plan [redacted] continue working after leaving [redacted] OECD when he'll be free of the rules of discretion that working for a multi-national body entails.

Another plum post is [redacted] the [redacted] Monetary [redacted] where Jacob Frenkel, chief economist and head of research, is leaving to take over the running of Israel's central bank in mid-August.

In Britain, too, [redacted] chief economic adviser is still needed to replace Sir Terence Burns, whose promotion to permanent secretary of the Treasury was announced in April. Here, however, [redacted] are signs of movement. Having advertised the job, the government now plans [redacted] around the [redacted] month.

Water hazard

The British [redacted] decreasing risk of the [redacted] portended by [redacted] modern [redacted] Francis Bacon, according [redacted] a survey of our [redacted] just [redacted] by soap-makers Cussons.

While [redacted] have approved [redacted] the shower, he looked on [redacted] as dangerous. [redacted] argued in [redacted] Novum Organum that, as [redacted] is usually greater in volume than the body lying in it, the [redacted] us like so many tea bags, taking [redacted] goodness out [redacted].

[redacted] he'd [redacted] hear that, although baths are still [redacted] with the average Brit having [redacted] of [redacted] weekly, [redacted] incidence [redacted] from [redacted] seven [redacted] ago. By contrast, showers [redacted] welled up from 2 [redacted].

Which sex remains [redacted] greater hazard [redacted] hard [redacted] fathom. Women [redacted] inclined than men [redacted] total immersion, but [redacted] in it only 20 minutes on average compared [redacted] 23 for [redacted].

As for whom they'd [redacted] like [redacted] bath [redacted] – the [redacted] dream-boat was film star Kim Bassinger, and [redacted] plumped for Richard [redacted]

FINANCIAL TIMES CONFERENCES

TELECOMMUNICATIONS AND THE EUROPEAN BUSINESS MARKET
London—9 [redacted] 10 July

This year's annual conference will examine how far the region's [redacted]ons industry has adap[redacted] to [redacted] increasingly sophisticated needs of business customers. Progress on opening up the European market and creating a pan-European network or networks will be assessed as well as an examination of the UK duopoly review, tariffs and settlements and developments in satelli[redacted] and mobile communications.

Speakers [redacted] M. Michel Carpentier, Commission of the European Communities; Sir Bryan Carsberg, OFTEL; The Rt Hon Lord Young of Graffham, Cable & Wireless plc, Professor Henry Ergas, The Monash Information and Communication Technology Centre; M. Jean-François Berry, AFUTT; Dr Herbert Ungerer, *Commission of the European Communities; M. Bruno Lasserre,* Ministère des Postes, des Télécommunications et de l'Espace.

VENTURE FORUM EUROPE '91
London - 2-4 [redacted]

This important Forum, *co-sponsored by the Financial Times* and Venture Economics, brings together [redacted] distinguished panel of industry experts from Europe and North America to debate the opportunities and challenges facing [redacted] capitalists in an evolving, international market. Forum sessions will focus on strategies [redacted] an increasingly competitive environment, fund raising, deal structures, managing and marketing the venture company, portfolio management and corporate venturing programmes.

WORLD MOBILE COMMUNICATIONS
London - 31 October & 1 November

[redacted] *year's FT conference, the fourth in a series,* will examine the market, technological and regulatory [redacted]. Should competition [redacted] allowed in [redacted] communications? What is the best way [redacted] allocating the scarce radio spectrum?

These questions will be debated by a distinguished panel, including: Mr John Redwood MP, Minister of State for Corporate Affairs at the DTI, Mr Chris Gent of Racal Vodafone, M. Jean-Louis Blanc, Head of Mobile Policy [redacted] Frequency at the European Commission, Mr Shelby Bryan of Millicom, Mr Richard Callahan of US West and Mr Peter Mihatsch of Mannesmann Mobilfunk.

All enquiries should be addressed to: Financial Times Conference Organisation, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323 (24-hour answering service), [redacted]elex: 27347 FTCONF G. Fax: 071-925 2125.

The recession has taken the shine off the Docklands 10th anniversary celebrations, says **Michael Cassell**

Brakes go on a property boom

Champagne will be flowing tomorrow evening in the shadow of Tower Bridge to celebrate the 10th anniversary of the London Docklands Development Corporation, the body masterminding the largest urban regeneration project in the world.

Many of the 650 party-goers arriving by boat at Butlers Wharf to salute "a decade of achievement" in Docklands will be unaware that the development is in administrative receivership. It is not the only recent casualty in the effort to resurrect a riverside wasteland half the size of Cambridge.

Down river on the Isle of Dogs, the 12,000-seat London Arena, opened two years ago by Mr Frank Warren, the boxing promoter, is in the hands of the accountants Price Waterhouse. Tobacco Dock in Wapping, the "East *End's answer to Covent Garden*", is under new management – receivers *Cork Gully*.

Laid waste by irresistible economic *change* and now being revitalised by an uneasy coalition of public and private interests, the area has always had its ups and downs. The LDDC's 10th birthday finds Docklands at a low point. The same market forces which brought a property boom have now created a recession which has put the brakes on regeneration.

There are also those within and beyond the LDDC who cast doubts on the calibre of some key staff. They claim it has lost the flair and sense of *single-minded purpose encouraged* by Mr Reg Ward, the LDDC's first chief *executive*, who left in 1987.

On July 2 1981, Mr Michael Heseltine, environment secretary, established the LDDC and gave it a powerful mix of cash and controls to get on with the job.

Ten years on, with £1.1bn of public funds and another £8.4bn of private finance spent, the flagship of the gov*ernment's inner-city programme* is a bewildering blend of futuristic inspiration and familiar decay.

Cesar Pelli's monumental tower at Canary Wharf looms above corrugated iron roofscapes; a Steinway piano plays in the marble-floored foyer of Exchange Tower on the Isle of Dogs as shuddering queues of traffic back up along Commercial Road, Limehouse. Classy condominiums cram the quaysides while council flat windows along Jamaica Road, Ber*mondsey, remain boarded up.*

The contrasts are meat and drink to the project's critics. MPs from every political party, Dockland communities, employers, developers and the Prince of Wales have all had a go. At the heart of their many complaints lies the accusation that, in the rush to court developers, the LDDC largely overlooked the needs of those already living and working in Docklands. They claim the civic dimension required to create a properly balanced community is missing.

Even Olympia & York, the Cana*dian developer of Canary Wharf and* one of the key participants in the regeneration programme, is understood to have told the LDDC that the corporation has failed to address community issues.

The LDDC also stands accused of failing to develop an integrated transport infrastructure to make the area more easily accessible.

Colin Beere
Regeneration out of the rubble of Docklands: new developments emerge in the once rundown Isle of Dogs

But local councils say that, although it has taken more than half the government's [illegible] inner-city grant aid, the LDDC's history is one of broken promises. They claim that there has been a net loss of jobs in the *area since 1981 and that unemploy*ment in Docklands is higher than a decade ago. "Yuppie" developments are said to take precedence over social housing.

Mr Bryan Gould, the shadow environment secretary, is not entirely critical of the LDDC: "I remember what it was [illegible] ago and no one wants to nail their colours to that."

[illegible] he [illegible] "The gulf between office blocks and expensive housing and community dereliction and [illegible] represents [illegible] failure."

Mr Andrew *Church, a London Uni*versity lecturer [illegible] has closely [illegible] development [illegible] lands [illegible] "In [illegible] three years, the LDDC has found its vision falling apart."

Such criticism are not new [illegible] Mr Heseltine, who is again environment secretary and who will be the guest of honour tomorrow night. "Docklands have been transformed from [illegible] no-hope wilderness to an area full [illegible] hope, opportunity [illegible] optimism.

Sir Nigel Broackes, chairman [illegible] *Trafalgar House and LDDC*'s first chairman, [illegible] the achievements of Docklands are beyond [illegible] dreams: "The achievement of the original objectives is assured and it is about time for applause."

He says *much of the criticism* is based on a misunderstanding of LDDC's statutory role: "We were not a welfare organisation. If we had been given social responsibilities we would never have been able to achieve what has been done."

The LDDC is fed up with criticism. One corporation executive remarks: "It took the French 35 years to build La Défense, which is one-tenth the size of Docklands. It is hailed as a great success. Over here, we get all the knocks."

The LDDC accepts there are more people out of work than in 1981 but says the number of jobs has nearly doubled to 53,000. The population of the area has grown from 39,000 to 60,000 and should approach 100,000 in five years. The number of companies in *Docklands has more than doubled* to 2,300.

Over the decade, more than 15,000 homes have been built. Home owner*ship is up from 5 per cent to 44 per* cent. About 5,000 public sector homes have been improved *at a cost of more* than £200m.

Mr Eric Sorensen, LDDC chief executive, takes a swipe at some of the "virulent opinion based on complete ignorance". The primary challenges now, he says, are to get transportation right and to make Docklands a complete community.

"People talk about striking a balance in Docklands but there was pre*cious little balance 10 years ago in* terms of jobs or housing or opportunity."

The LDDC rejects "social engineering" but says it now has [illegible] positive relationship with local people and there is fresh emphasis on helping everything from health to training, arts and sport.

In spite of past errors, the revival of Docklands has taken place on [illegible] and at [illegible] pace which few could have originally envisaged. The LDDC may have another five years before it is wound [illegible], at which point the spotlight may again fall on the local authorities.

There is a widespread feeling that lessons have been learned and, once the recession has passed, the experiment [illegible] regain [illegible] momentum. Ahead lies the injection of £3.5bn of public and private funds, to be spent on projects such as the extension to *the Jubilee Line, improvements to the* much-criticised Docklands Light Railway and upgrading roads.

"It is no accident that we have now got the biggest single concentration of transport investment anywhere in the country", says Mr Sorensen.

Elsewhere, a decision is awaited on plans to expand the City airport, while the [illegible] of a new Thames crossing further to the east may provide the spark for the development of the dormant Royal docks.

Ten years ago, Sir Nigel Broackes viewed the dereliction from the back *of his Rolls-Royce, painting a vision of* the future to his highly sceptical passengers. Any who return now cannot deny the remarkable changes a decade has brought and most would accept that there can be no turning back.

High hopes among the vacant lots

Vanessa Houlder charts an unprecedented downturn

After the most exaggerated boom and *bust ever seen* in the UK property market, modern space in the Isle of Dogs is cheaper than in virtually any European city centre.

The cost of renting a new air-conditioned office block in the heart of Docklands is just £10 a square foot, a quarter of what it might cost in the centre of the City.

An unprecedented imbalance *between supply and demand*, reflected in a vacancy rate of over 40 per cent, has *driven rents to under* half their peak value. Even excluding the Canary Wharf complex which has filled just over half its first phase of 4.2m sq ft, there is 2m sq ft of available space in the Isle of [illegible]

In 1987 and 1988, developers built ever-larger buildings fuelled by a *mood of optimism*, cheap money and plentiful land. [illegible] buildings were completed, the recession [illegible] starting to bite, rents were falling [illegible] of London and transport problems had become increasingly obvious.

Tenants in Docklands – often small businesses in service industries – have been especially vulnerable to the recession. The imposition of the uniform business rate next year, as the Docklands loses its enterprise *zone status, may be an added blow.*

Filling the empty offices will not be easy. "Given that rates are going to be introduced next year and the huge supply of space, I do not think there will be a recovery for four or five years," says a letting agent.

Investors, as well as tenants, are *thin on the ground. Over £115m of* property in the Isle of Dogs was left unsold at the end of the last tax year, [illegible] to EAL Property Research Consultants.

The fall in rents and the difficulty in finding investors have been disastrous for many developers, many of whom have gone bankrupt. Investors have also been losers when they have paid too much attention to the tax breaks and too little to the security of their income.

*Nevertheless developers and inves*tors with deep pockets think the *Docklands will, in time, win through.* Transport is slowly improving and the vast Canary Wharf development has given the area a high profile in all senses.

Samuel Brittan

A modest blow for freedom

One of the things that used to puzzle me when I was growing up in the household of a general practitioner *in north-west London* was the iron curtain that was erected *between doctors* and other professionals. There were a great many activities in which only qualified medical practitioners could engage; and this was a much wider range than seemed necessary. By confining so many activities exclusively to doctors, the load upon them was unnecessarily increased, while opportunities for others were too much curtailed.

Apparently they arranged at least some things better in *Lithuania even under tsarist* rule, where my grandfather practised. I was originally told that he was a "doctor"; but I eventually learned that he was a *feldscher*; that is a medical ancillary who could carry out treatment within certain limits. This seemed an eminently sensible way of economising on the time of *scarce and expensive medical* practitioners, while making best use of others with some knowledge.

I was reminded of this family background by a bill presented in the House of Commons by my local MP, Mr Dudley Fishburn, under the ten minute rule. This did not recommend anything as *radical* as the introduction of *feldschers*, but would merely *have enabled some* nurses to write prescriptions for a limited number of items such as bandages, wound treatments, bedpans, and a few pain-killers. The proposal applied in the first instance only to 29,000 community nurses who visit patients or old people at home, and who would be as well-informed about [illegible] as any general practi[illegible].

[illegible] *would serve* [illegible] pain and discomfort would [illegible] relieved more quickly; time would [illegible] saved as patients would not have to seek out doctors who usually just endorse the nursing recommendation; and, as a spillover benefit, the status of nurses would be improved without the expenditure of a penny of public money.

The nurses concerned have already trained for the project, and have studied the list *of products they could* prescribe. The medical profes*sion, which is rarely slow in* defending its privileges, has endorsed the idea, as have a select committee and a department of health report.

The bill [illegible] however, [illegible] out". The minister replying, Mrs Virginia Bottomley, [illegible] in principle in favour, but [illegible] further time to work out the details. The one serious delaying factor seems to be the preparation [illegible] a [illegible] cost benefit analysis, to be carried out by Touche Ross, the accountancy firm, by the *end of August.*

[illegible] such a study [illegible] not black magic. It [illegible] only attempt to quantify known advantages and drawbacks. What then are the latter? The government's main worry is to make sure that there is not an expensive increase in prescribing as a result of opening the field to a slightly wider *group of professionals.*

I should be astonished if this were the result. It is harassed doctors rather than nurses who are tempted to over-prescribe to keep trouble at bay. Nurses are accustomed to using drugs and appliances merely as a supplement to personal care.

The main thrust of economic liberalism is to remove unnecessary restrictions and *barriers; and there is no rea*son for health [illegible] be exempt. To be in favour of greater powers [illegible] – [illegible] going beyond Mr Fishburn's initial proposal – does not mean that anyone should be able to prescribe hard drugs for himself. Liberalism is concerned with putting the onus of proof on those who want to restrict; and it cannot be stated with greater rigour *than the circumstances of* human society allow.

There are many cases in which there are genuine costs of deregulation to be weighed up against the benefits. Here is a rare case where there seem only benefits.

LETTERS

Comparability of pay for all?

From Mr Kenneth P Armitage.

Sir, Mr John Banham, the director-general of the CBI, in your article "CBI defends large *pay rises for managers*" (June 27), is reported as having stated that the criticism, by both MPs and union leaders, of large pay increases for the chief executives of privatised monopolies is the politics of envy, "a sad emotion to watch and demeaning to the people exercising it", and that "he had no problem at all" with the 58 per cent pay *rise for* Mr John Baker, the chief executive of *National Power.*

To support his opinion Mr Banham referred to the international league of top salaries and in particular he produced salary figures for the power generating companies in Germany. May we assume that if the CBI believes the salaries of *UK managers should be compa*rable with those in other coun*tries, not least the more effi*cient German industrial machine, that salaries of all workers should also be comparable and raised to the level of the highest-paid companies? Can he not see that the politics of greed at the top will necessarily and understandably lead to increased demands from other levels of the workforce?

It has often been suggested that good leaders lead by example. If that is the case then one reason for British industry's poor performance is that it lacks good leaders since the current attitude being signalled from the top smacks more of "Don't do as I do – do as I say" rather than example.

Kenneth P Armitage,
29 Stoneham Close,
Petersfield, Hampshire

Fax service

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TUC aim for unions is a fairer framework of law

From Mr Norman Willis.

Sir, Contrary to the implica*tion of your editorial* ("Labour and the unions – again", June 28) the TUC is not seeking a privileged position under the law for unions on new statutory recognition procedures.

A fair crack of the whip is all that we seek. And simplejus[illegible] dictates that [illegible] who want and need the support of a union in dealing with an employer which may be treating them in a harsh, unfair *and arbitrary fashion would* – in the last resort – be able to find [illegible] law.

Simple justice, [illegible] not been forthcoming from the present government. It [illegible] been persistently condemned by the International Labour Organisation for the unfair[illegible] *of the labour laws it has* introduced. It remains isolated in Europe *in its opposition to* the Social Charter. Despite all this [illegible] determined [illegible] bring forward [illegible] paper containing proposals for yet further totally unjustified and uncalled for [illegible] unions.

A new, fairer framework of law is badly needed and I welcome the Labour party's commitment [illegible] legislate accordingly.

Norman Willis,
general secretary,
[illegible] *Congress,*
Congress [illegible]
[illegible] *Russell Street,*
[illegible] *WC1B* [illegible]

Consultancy for ex-Cable and Wireless chairman challenged

From Michael Bingham.

Sir, [illegible] given for the increases in salary and bonuses awarded by *compensation committees of* companies taken into the private sector, as a shareholder of Cable and Wireless, I find it difficult to understand why the court of my company is able to award a consultancy contract to the former chairman, Lord Sharp, for one year from October 1 1990 for the sum of £650,000, agreed during the last financial year. I note from the 1990-91 annual report that his remuneration in that year for the final period of his chairmanship fell from £626,947 in the previous year to £422,994.

Like many others, I shall be interested to learn what particular brand of unique expertise he is bringing to the affairs of my company, which is costing £2,500 per day on a five-day-per-week working basis. Doubt[illegible] revenues and profit expectations will be used to make this sum [illegible] either [illegible] *spent (or insignificant).*

It makes [illegible] about the remuneration of the [illegible] of the other part of the duopoly pale into [illegible] insignificance.

As a lifelong Conservative voter, I despair at the arrogant disregard for small shareholders' and the general public's perception of such awards, particularly when the effective [illegible] this consultancy agree[illegible] implies [illegible] it [illegible] agreed well into the [illegible] when counselling for general wage [illegible] was being preached across the land.

Michael B Bingham,
[illegible] *Vyvyan Terrace,*
Clifton,
Bristol [illegible]

Views from two sides of the MBA debate

[illegible] *Howard Gospel.*

Sir, Your jobs column, [illegible] continues for MBA graduates" (June [illegible] something which I [illegible] long believed and [illegible] which I think there [illegible] substantial [illegible] training [illegible] "supply side", [illegible] not [illegible] the present government, would [illegible] us believe, but [illegible] failure.

Quoting [illegible] research, [illegible] Dixon *reports* that, though [illegible] number [illegible] graduates is increasing, [illegible] still reluctant [illegible] recruit them [illegible] value their qualifications, especially those [illegible] to [illegible] trouble of doing their degrees part-time. Conti[illegible] companies, though, [illegible] in recruiting them and [illegible] parent [illegible] *not show* [illegible] reluctance in taking on MBAs as their British subsidiaries.

[illegible] course, as German and J[illegible] experience sh[illegible] only, and may well [illegible] best, way [illegible] produce [illegible] However, in [illegible] anything [illegible] *in most British* companies, the supply side, *namely students and* educational institutions, [illegible] shown [illegible] preparedness and ability to react.

Howard Gospel,
Canterbury Business School,
University of Kent

From Bryan Howard-Jones.

Sir, [illegible] a part-time MBA [illegible] dent, I am naturally concerned by [illegible] the latest MBASE report. The conclusion, however, merely reinforces the evidence for the tunnel vision [illegible] UK industry.

Undertaking [illegible] part-time MBA [illegible] months, must itself demonstrate commitment and ambition – surely a prerequisite of top-level management. I expect my MBA qualification [illegible] reflect a [illegible] business knowledge, built on the extensive experience that my colleagues have brought to the course from a variety of industries. UK industry should look to Europe, where there is greater investment in management education and greater recognition that MBA graduates are equipped with more than just *high expectations.*

Bryan Howard-Jones,
29 Sandycombe Road,
Kew, Surrey

Criticism of TV cricket coverage is not cricket

From Mr Peter Milne.

Sir, I was somewhat taken aback, as I suspect were a number [illegible] readers, [illegible] amount [illegible] criticism levelled at BBC TV's cricket coverage by Teresa McLean ("Why Curtly is better in the flesh", June 26). While I agree we are shown too many replays of dismissals, I would be in difficulties to find other faults, and I suspect I enjoy watching [illegible] matches on TV as much today as I did some 30 years ago when the habit began.

Now, as then, I am continually impressed at how well cricketing elder statesm[illegible]n perform as commentators. In my opinion, Jim Laker was perhaps the most accomplished, raising understa[illegible] to an art form. I remember David Gower [illegible] top [illegible] his form flicking two consecutive balls off his pads to the boundary. Laker paused and drily remarked, "the stroke repeated".

I rate BBC's Test [illegible] coverage as one of the best offerings on TV.

Peter Milne,
13 Spenser Road,
Harpenden, Herts.

June 1991

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Authorities in Lagos react angrily to report that up to $3bn windfall [illegible] higher oil prices was squandered

Nigeria deports FT journalist over article

By Michael Holman, Africa Editor, in London

NIGERIA [illegible] deported the Financial Times' Lagos correspondent following government criticism of his report last week on extra-budgetary spending of the country's *export earnings from oil.*

Mr William Keeling, 27, who has been based in Lagos for the past 18 months, was [illegible] at his office on Saturday evening by security police. Although not physically maltreated, he was held in police custody without access to lawyers or the British High Commission, and later put on [illegible] midnight flight to London.

It was not clear who authorised the deportation. The state-run [illegible] and radio broadcast [illegible] *statement on Saturday* night issued by the Ministry of Information which [illegible] *Mr Keeling's report as "totally* false." [illegible] said the report was "a deliberate attempt to mislead [illegible] public, including [illegible] development partners."

In his report, published last Thursday, Mr Keeling said that the Nigerian government had spent more than half the windfall the country earned as a result of higher than expected oil earnings resulting from the Gulf [illegible] without [illegible] approval of the International Monetary Fund and the Word Bank. Nigeria would have been expected to seek the endorsement of [illegible] sup*porters of its economic reform* programme before embarking on large scale spending.

[illegible] Keeling [illegible] economists [illegible] at donor agencies as saying that at least $3bn is not accounted for in Central Bank figures for the period between July 1990, and May this year. The windfall from higher oil exports was [illegible] at about $5bn.

Part of the windfall, said the report, has been spent on Nigeria's role in the west African peace force in Liberia, the Organisation of African Unity's [illegible] in Nigeria's federal *capital of Abuja, and on the* first stages of a $810m aluminium smelter.

[illegible] day, Mr Keeling was called to [illegible] office [illegible] finance minister Mr [illegible] Alhaji. "He took great exception to the report and challenged its accuracy," said Mr Keeling. "I told the minister that my sources for the story were all highly credible people [illegible] close knowledge [illegible] Nigerian economy."

[illegible] Jurek Martin, Financial Times foreign editor, said the newspaper stood by what Mr Keeling had written and would *now be protesting to the Nigerian* [illegible] "We are not going to allow them to dictate *to us who we send to* [illegible] and what they write".

In London, the foreign office said it would be taking up Mr Keeling's case with the Nigerian government.

Nigeria may prove World Bank's acid test, Page 5

Dinkins tries to win budget deal for New York

By Martin Dickson
in New York

MR DAVID Dinkins, mayor of New York city, was yesterday engaged in a [illegible] round [illegible] negotiations to secure agreement on a balanced budget by [illegible] deadline [illegible] midnight [illegible] night which would [illegible] the City's financial crisis.

The city is required by law [illegible] a balanced budget before the fiscal [illegible] *begins today. Failure* to do so could eventually mean that New York state's financial control board could step in to oversee the city's finances, as it did during the last financial crisis of the mid-1970s.

Frenetic negotiations were under way at New York's City Hall throughout the weekend with demonstrators against the *proposed package* [illegible] camped outside and active lobbying continuing inside.

One gleam of light came [illegible] Mr Mario Cuomo, [illegible] York state governor, and legislative leaders reached agreement on a [illegible] for a state budget. This would restore some of the aid to the city which had previously been vetoed by Mr Cuomo.

Mr Dinkins [illegible] embroiled for weeks in a dispute with the city council over the shape of his draconian 1992 budget. The mayor, faced with [illegible] severe shortfall of tax revenue due to the sharp downturn [illegible] regional [illegible] has proposed severe cuts in services and large tax increases to balance the $29bn budget.

The city council, however, produced its own plan last [illegible] *which would sharply* [illegible] mayor's proposed [illegible] in property taxes, *restore some of his service reductions* – such as the extinguishing of one in four street *lights – and impose other cuts* [illegible]

The Mayor said the Council's plans would not produce the [illegible] it claimed and leave the budget out of balance. As the negotiations continued, the council threatened simply to *pass its budget* [illegible] *Mr Dinkins'* objections, which would represent a severe political setback.

When Mr Dinkins introduced his so-called "doomsday" budget, he hoped the severity of cuts would force [illegible] concessions from labour unions and allow him to restore some of the [illegible] discussions with the unions [illegible] been [illegible]

As part of the cuts, some [illegible] city workers were *laid* off on Friday night, generating protests at City Hall.

Hoping for a budget deal: Dinkins remains optimistic

Sole traders considered by London stock exchange

By Richard Waters

A NEW method for trading the shares of three-quarters of all listed companies is being planned by London's International Stock Exchange in what would be the biggest overhaul of trading [illegible] Big Bang five years ago.

For these companies [illegible] exchange is considering scrapping [illegible] maker system and replacing it with a series of monopolistic sole traders.

Each sole trader would be given exclusive rights to deal in the shares of one or more [illegible] arrangement would be used for around 1,700 listed companies, while the 500 most heavily traded shares would remain in the competing market-maker system.

The plan is due to be considered next week at the first meeting of the exchange's National Market [illegible] Committee, a group of brokers and exchange staff set up to consider the [illegible] future structure. The committee's brief is to make recom[illegible] on how the market [illegible] be governed [illegible], how share [illegible] should be settled, and how trading should take place.

The sole trader idea, modelled closely on the "specialist" system used by the New York Stock Exchange, is expected to prompt concern from City [illegible]ulatory authorities and the Office of Fair Trading, none of whom are understood to have been told of the proposal.

"I would be very surprised if *it got past the OFT,"* said one share trader involved in talks over the scheme.

The proposal has yet to be adopted as formal Stock Exchange policy, but has emerged as its prefered way of tackling the difficulty of illiquid shares – those that are *seldom traded,* and where large [illegible] buying and selling prices.

Sole traders would have the exclusive right to make buy and sell prices in a company's shares, and would be able to match buy and sell orders.

The proposed monopoly, however, would also undermine the principle on which the Stock [illegible] built [illegible] systems [illegible] the time [illegible] that [illegible] get the [illegible] if market-makers are made to compete for [illegible]

[illegible] authorities, while backing the sole trader idea, are likely [illegible] resist [illegible]stantial change, particularly to the way [illegible] are [illegible] Taurus, the electronic [illegible]ment system, is due to come into operation next May, and the exchange would not welcome any challenge to the system at this stage.

Cost of unity grows for Germany

By David Marsh in [illegible] and Leslie Colitt in Berlin

PRICES, [illegible] and unemployment in Germany are all due to rise sharply from today as [illegible] result of [illegible] package of economic measures underlining [illegible] growing financial and political pressures on the Bonn government.

The measures are threatening to present Chancellor Helmut Kohl [illegible] difficulties ranging from potential labour unrest in east Germany to higher interest rates in reaction [illegible] *accelerating price* increases.

The moves, which take effect on the first anniversary of the introduction of the D-Mark into east Germany on July 1 1990, illustrate how Bonn's economic policy [illegible] been [illegible] by post-unity turbulence. [illegible] unemployment regulations in east Germany, relaxing [illegible]tions on lay-offs, are likely to increase unemployment by as much as 300,000 this month.

Chancellor Kohl [illegible] promised in [illegible] campaign that no [illegible] German would be worse off as a result of unification.

Mr Klaus Brehm, president of east Germany's Association of Unemployed, pointed to the danger of [illegible] growing "[illegible] for conflict" among disadvantaged east Germans because of the widening gap between themselves and fellow citizens. Unlike [illegible] who were used to long-term unemployment, 40 [illegible] of socialism had left east Germans unprepared for such "unsocial" measures he said.

"Theoretically, they can buy anything and travel anywhere. They do not have to wait 10 [illegible] *delivery of a* [illegible] but what good does this do them when they are out [illegible] work?" he asked. *Price rises* and the low minimum unemployment payment of DM495 ($278) a month meant they [illegible] off" than before.

Ms Christiane Bretz, head of the German [illegible] union [illegible]ation in Berlin-Brandenburg, [illegible] unemployment in east Berlin would jump from nearly [illegible] to [illegible] *120,000 and 150,000 this month.*

But Mr Norbert Blüm, the German labour minister, [illegible] that of the *415,000* jobs eliminated on June 30 in companies supervised by the Treuhand, not all those affected would become unemployed at once.

The rise in unemployment – which some fear could double to 1.8m by the end of the year – coincides with signs that the severe downturn in east Germany [illegible] still [illegible] from bottoming out. [illegible] range of higher taxes also [illegible] effect today across Germany, including a *12*-month [illegible] per cent income [illegible] corporation tax surcharge.

Higher fuel taxes will force petrol prices to rise by [illegible] to 25 [illegible] *a litre.* [illegible] *package,* decided to limit the burgeoning budget deficit, will give a fillip to *inflation,* adding up to 0.7 points to the July cost of living ind[illegible] With annual inflation standing at [illegible] unusually [illegible] in [illegible] months, [illegible] likely increase in [illegible] per cent level adds to expectations that the Bundesbank may tighten credit again before too [illegible]

Mr Helmut Schlesinger, the [illegible] vice-president, who is taking over at the helm *of the central bank at the end* of this [illegible] warned again yesterday of the rate of pay rises in east Germany – up by 60 per cent over the past year – [illegible] had [illegible] earned by productivity gains. Before deciding another increase in interest rates, the central bank is likely to wait to judge the effects of today's tax increases in damping rapid growth in the west German economy.

The Bundesbank's hand could however be forced by further weakening of the D-Mark, which came under strong selling pressure at the *end of last week as a result of* the Yugoslav crisis and rumours of a fresh withholding tax on German savings instruments.

Mr [illegible] Flassbeck, chief economist at the German Eco[illegible] (DIW) in Berlin, [illegible] "fundamental [illegible] weakness".

He also issued an indictment of the government's hopes of bringing east and west German *living standards in to line over* the next few years, saying it would take 30 to 40 years for *the east to* catch up with the west.

Treuhand sell-off, Page [illegible]
Unified, yet apart, Page 14

Emus and lemmings in the Eurozoo

By Anthony Harris

What should we keep in the Eurozoo? Emus or lemmings? The *emu, as its opponents* like to explain, is a flightless bird; and only able to flourish in care*fully* [illegible]. Until these are in place - probably in the next millenium, we are stuck with the lemmings.

Lemmings, or rather infant lemmings, were introduced to the zoo last week by a veteran keeper, Mr Denis Healey. They are the young men who trade in currencies. As he pointed [illegible], they operate on a scale [illegible] such mundane [illegible] as national reserves or current account imbalances. They have their own old-fashioned yuppie charm, but they are a disorderly lot, rushing *irrationally from side to side of* [illegible] shrilly, and quite beyond the control of [illegible] They make the zoo an intolerably noisy place.

Mr Healey [illegible] not only introducing an amusing [illegible] metaphor [illegible] abstract world, but making [illegible] point. Do the essentially political negotiations about Europe's [illegible] medium of exchange make any sense in the disorderly [illegible] history argues [illegible] Mr Healey. [illegible] own experience has been discouraging, [illegible] say the *least: Mr Nigel* Lawson's experiment with [illegible] membership of [illegible] ERM led to runaway inflation, Mr Major's [illegible] to the [illegible] thing [illegible] a deepening slump. [illegible] are not the only victims. Spain is hampered in its [illegible] to fight inflation. Ireland, the saddest case of all, is stuck with real commercial *interest rates ranging up to 15* per cent at [illegible] time when inflation, at [illegible] per cent, is below the *EC* [illegible] unemployment is some 20 per cent.

[illegible] was not expected, except by the six die[illegible] monetarists who wrote [illegible] celebrated letter to The Times [illegible] few months ago; but even though they were [illegible] about the outlook, it is not clear that their reasons were right, too. [illegible] argument [illegible] *that economies in recess*ion would have [illegible] protect their exchange rates with high interest rates.

[illegible] is conventional sense; but in the real world the exchange rates of the key cur[illegible] – [illegible] dollar, the D-Mark, the yen and [illegible] sterling – [illegible] to [illegible] broadly in line not with inter*est rates, but with equity* markets. In other words, the lemmings [illegible] not by *relative* return so much as by a general feeling of confidence in an economy. This seems to be what has made exchange rates so unpredictable in [illegible] free capital movements.

[illegible] ERM, [illegible] near-promise of exchange rate stability, does make cash-holders, [illegible] as corporate [illegible], more responsive to the returns on cash balances; this should reduce the interest rate differential needed to finance [illegible] cur[illegible] This [illegible]

> It sounds like commonsense to [illegible] economic convergence before [illegible] move [illegible] single currency; but if it is the existence of separate currencies which is preventing convergence, it becomes [illegible] Catch 22 proposition

[illegible] *a problem for countries* with obstinate deficits, such as Spain and Ireland; and it may [illegible], in these circumstances, to create a climate for growth based on equity capital-raising; such economies are likely to [illegible] dependent on [illegible] investment. These countries should [illegible] impatient [illegible] Emu in which [illegible] would [illegible] *current* accounts, and no exchange rate to support, whatever the political price might be.

The most obstinate problems with [illegible] arise in countries which have to finance not a current imbal[illegible] but a flight of long-term capital. This problem has long haunted Latin America, and could even lead to trouble in the world's best-managed economy, [illegible] the [illegible] currency bloc, as Japan may be destined to show.

A scandal which has undermined confidence in the Tokyo stock market now looks likely to weaken the yen. This may well lead to higher interest rates in a country whose economy is already slowing sharply. If this further encourages Japanese [illegible] to look offshore, [illegible] little local problem with *ethics* could become [illegible] running sore. It couldn't happen here? Probably not; but [illegible] *tremors in Frankfurt* on the mere rumours of a withholding tax suggest interesting possibilities of capital leakage, if not outright flight.

What all this suggests is that free capital movements are always liable to [illegible] prob[illegible] in a world of sovereign currencies, which are only different in degree inside or out*side an exchange rate* stabilisation [illegible] This, [illegible] turn, casts some doubt over the British government's [illegible] stance. It sounds like commonsense to insist on economic convergence before we move to a single currency; but if it is the existence of separate currencies which is preventing convergence, it becomes a Catch 22 proposition.

The sovereignty problems of Emu are easily exaggerated and largely created by the legalistic approach of Brussels, allied to German distrust of *free markets.* The governments which joined in the gold standard hardly felt that their sovereignty was invaded; and in the US the fiscal constraints on "sovereign" states are entirely self-imposed, reinforced by the credit-rating agencies which *can put a stop to borrowing* by spendthrift states and cities.

Two things are lacking to make Emu workable: a sensible set of fiscal definitions, allowing countries to borrow for genuine investment just as companies can; and a truly *European capital* [illegible] the money could be [illegible], and [illegible] credit-rating agencies to make its decisions rational. [illegible] on the integrated market now seems to be postponed sine die, due largely, one [illegible] and possibly French institutional protectionism.

This is the topic on which Britain could and should take an informed, constructive lead, and the City should be pushing the government this way. We cannot make the capital markets extinct, however [illegible] some they may sometimes be; but we do know a thing or two about making them domesticated. Until this is tackled, the lemmings will [illegible] dominate the zoo [illegible] the ostriches.

Slovenes driven by dream of joining a new Europe

Continued from Page 1

all [illegible] authorities of the republic to continue imple*menting the adopted decision."*

This amounted [illegible] a snub [illegible] the European Community [illegible] *foreign ministers* who asked the Slovene government on Friday night "to post*pone the execution of the dec*laration of independence for three months".

[illegible] be [illegible] Europe, and we will," said Mr Jelko Kacin, Slovenia's minis*ter of information.*

"The EC troika made a grave mistake. They played into the hands of the federalists, and confirmed the position of Serbia and the army. That is their [illegible] There is no going back for Slovenia," *he said in an interview.*

He added: [illegible] later, Europe will recognise us."

Europe is the republic's powerful magnet. Slovenia, unlike some of the attempts at *independence by either the* Baltic states, or Croatia, has pursued a measured road to *independence which first* started last December when its citizens voted [illegible] break away *from Yugoslavia.*

Since then, the parliament, dominated by a loose coalition of *social democratic,* Christian liberal and green parties, have worked hard on drafting a new constitution, [illegible] drawing up political and economic laws *aimed at reaching* [illegible] divorce with [illegible] government.

"We really have no place in [illegible] *Yugoslavia* [illegible] dominated by [illegible] republic [illegible] Serbia, or in a country which *has slowed down any* [illegible]nomic reforms," said Mr Jone Mencinger, an economist at [illegible] *University.*

"Of course it will be difficult to be truly independent. It will *take time," said Mr Andrija* Ovcirk, the deputy prime minister.

"We have to draw up a new fiscal policy, create a central bank, build up reserves and eventually establish our own currency. But there is no *going back," he explained.*

[illegible] republic, along with neighbouring Croatia, had [illegible] in [illegible] document drawn up last December into persuading the federal govern*ment into creating a loose* confederation of sovereign states aimed at weakening the power [illegible] *Serbia,* and [illegible] up reforms.

"We were blocked by the army, by *Serbia* and by the federal government," said Mr Kacin.

For months, Slovenia had kept Mr Markovic informed, and *even asked for* the establishment of formal negotiations with the federal government to *discuss* [illegible] towards independence.

"There [illegible] no [illegible] from *Markovic,"* [illegible] Ovcirk.

Mr Markovic visited Slovenia last week in an attempt to cajole the republic into postponing independence. When that failed, the army moved in.

The army occupation [illegible] represented [illegible] clear warning [illegible] Croatia that similar legal steps adopted in the future by that republic would not be tolerated.

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INSIDE

Wang to cut 23% of workforce

WANG

Wang Laboratories, the troubled US information technology group which agreed last month to sell computers made by rival International Business Machines, is cutting its workforce by around 23 per cent — up to 4,000 people — over the next few months. The move stems partly from the IBM deal, which is expected to reduce Wang's manufacturing of mid-range computers, and partly from a general cost-cutting. Martin Dickson reports. Page 19

Profitable period for Eurobonds

Despite the lull during the Gulf war, the first six months of this year have been the most profitable period in the Eurobond market since the mid-1980s, according [illegible] bankers. The volume [illegible] new [illegible] grew 50 [illegible] cent, from just under $80bn in the first six months of 1990 [illegible] $121bn so far this year. Tracy Corrigan reports. Page 21

Sluggish start to the year

While those involved in the securities sector have been enjoying something of a beanfeast this year, business has [illegible] sluggish for [illegible] syndicated loan bankers. There were 431 syndicated loans and note issuance facilities (NIFs) worldwide in [illegible] first [illegible] months [illegible] 1991 worth more [illegible] $99.7bn, according to the International Financing Review (IFR). By comparison, in the second half of 1990 there were 598 loans and NIFs, worth $180.5bn, while in the first half of 1990 there were 761 issues worth $184bn. Sara Webb reports. Page 21

Cleaning up on Hanson

It is not every day that nearly $2bn worth of Hanson shares goes through the London stockmarket in one go. It is even more unusual for that kind of business to create hardly a ripple in the City. But it happened last week. Trading screens [illegible] vast numbers [illegible] Hanson shares moving through the Stock Exchange's electronic ticker at lunchtime last Thursday. These were not ordinary shares, but American Depository Receipts, the vehicle through which UK company [illegible] usually held in the US. Daniel Green reports on "dividend washing". Page 18

Intel faces anti-trust investigation

By [illegible] Kehoe in [illegible] Francisco

INTEL, the leading manufacturer of computer microprocessor chips, is the subject of an anti-trust investigation by the US Federal Trade Commission.

Mr Thomas Dunlap, Intel vice president and general counsel, said the FTC notified the company last week it was conducting an investigation to determine whether Intel had used anti-competitive business practices to protect its microprocessor market.

Intel holds a virtual monopoly in the market for the microprocessor chips used in IBM-compatible personal computers.

The company has refused to license other chip makers, with the exception of International Business Machines, to manufacture the current generations of microprocessors, giving rise to protracted legal disputes with Advanced Micro Devices, a former Intel partner in the microprocessor market.

The FTC has requested documents from a case under arbitration between Intel and Advanced Micro Devices, Mr Dunlap said.

Details of other disputes between Intel and AMD as well as a private anti-trust case filed against Intel by Cyrix, a small Texas chip maker, are contained in court records, but the arbitration documents are private.

[illegible] the latest Intel microprocessors exceeding supply, [illegible] concerned [illegible] chip [illegible] could limit shipments of [illegible] popular chips unless customers agree to buy other chips from Intel.

Intel officials pointed out, however, that the scope of the FTC investigation was not clear and it appeared to be a preliminary probe.

"Given Intel's position as a key supplier [illegible] components [illegible] computer industry, we've had [illegible] aggressive programme [illegible] place [illegible] make sure our business practices deal fairly and equitably with our customers and are in compliance with anti-trust laws.

"We are confident this investigation will result in clean bill of health from the staff for the FTC." Mr Dunlap said that Intel would cooperate fully and immediately with the investigation.

The FTC is also investigating the business practices of Microsoft, [illegible] largest supplier of personal computer [illegible]

Syndicate pays £10m for National Express

By Jane Fuller in London

NATIONAL Express Hold[illegible] which dominates inter-city [illegible] journeys in the [illegible] has [illegible] into the red since privatisation, has [illegible] taken [illegible] by a new company.

A venture capital syndicate and a bus company called [illegible]lane Transport Group, which [illegible] local services, have paid £10.25m ($16.7m) for [illegible] Express, which was bought [illegible] by its management for a similar amount in 1988. It was one of the last of the 72 National Bus Company subsidiaries to be privatised.

Since 1988, when it made a pre-tax profit of £6.04m on turnover of £75.44m, National Express's performance has declined, partly because of problematic acquisitions, and debt has built up. Turnover has grown to £120m a year.

Mr Ray McEnhill, chairman and chief executive of the new National Express Group, said it [illegible] about [illegible] last year. This was after a £2.5m deficit in two acquisitions to be sold off. These were Crosville Wales, a local bus service operator, and Amberline, a coach contractor.

Mr McEnhill, founder of Drawlane, said the aim would be to refocus National Express on [illegible] coach services through[illegible] the UK, where it [illegible] 1,500 destinations, and [illegible] 15 [illegible] countries via Eurolines.

The latest debt figure for National Express was a seasonally high £7m, compared with net assets of about £4.3m.

Mr Clive Myers, leader of the 1988 buy-out and the main individual shareholder in the privatised company, stays on the board.

The venture capital syndicate is led by ECI Ventures and includes Henderson Ventures, First National Bank of Boston, County NatWest and Eagle Star Investment Management.

A company chasing its own tail

Charles Leadbeater on the many problems besetting British Steel

British Steel is in danger of engaging in a ferocious chase of its own tail. Over the past year it has been cutting costs in a race to keep pace with a British steel market which at times has been in free fall.

[illegible] tail-chasing is aggressive and energetic. British [illegible] pre-eminent among Western integrated steel [illegible] cutting costs. What is unclear is [illegible] chasing is a long-term [illegible]tion to its problems.

The scale of those problems will be disclosed today in the company's results for 1990-91. In the words of one British Steel director they will be little short of "disastrous". In the past few months the company, privatised in 1988, has been trading perilously close to losses.

Ms Janet Siddaway, engineering analyst at Kleinwort Benson, the stockbroker, expects pre-tax profits [illegible] just £250m ($410m), compared with £733m last year, after exceptional items of about £190m to cover extensive rationalisation plans mainly announced in the second half of the year.

Trading profits will be down to £308m against £708m last time, according to Ms Siddaway. However, she predicts the results will show that in the second half the fall in trading profits was precipitate to just £82m, compared with £320m last year.

All this from a company which in January told analysts it expected pre-tax profits of £500m.

To cap it all, on Friday Mr Martin Llowarch, the group's chief executive, served his last day at its headquarters on the south bank of the Thames in central London. His surprise resignation in May threw into disarray the company's plans for an orderly succession to its veteran chairman Sir Robert Scholey.

Analysts do not expect Mr Llowarch's departure to have any long-term bearing. It has a cadre of managers in their 30s running production plants, and some in their 40s running divisional activities. His place has been taken by Mr Brian Moffat, the long-serving finance director who agreed with Mr Llowarch on most policy issues.

Today's results will largely reflect the severity of the UK recession and the weakness of the metal-bashing industries British Steel supplies. But they will also raise two fundamental questions about the company

- How much has it really achieved in its three years in the private sector if it is still so vulnerable to the UK economy?
- What must it do in the next few years to establish a base which can deliver steadier growth with protection against the vagaries of economic cycle?

Another consultant who works with British Steel says: "They have strong positions in small markets and small positions in strong markets. The jury is out on whether they are capable of making the kind of play that is required."

British Steel has moved further and faster than any other European steel producer to respond to the downturn by attacking its cost base.

In the [illegible] six months it has either announced [illegible] completed [illegible] of: [illegible] strip rolling mill [illegible] Ravenscraig in Scotland; one of the plant's blast furnaces; nearby Clydesdale tube mill; 800 job losses at its Scunthorpe plant.

The next step may be either to close or [illegible] the [illegible] London headquarters.

[illegible] long-term [illegible] to rationalise down to [illegible] – closing Ravenscraig and Scunthorpe, leaving [illegible] Port Talbot/Llanwern complex in [illegible] the [illegible] plant in [illegible] – [illegible] the agenda, but it is still some way off, according to analysts.

The [illegible] of British Steel's effort to defend its UK margins [illegible] been an attempt to control its market more effectively by buying Walker Brothers, formerly the UK's largest independent steel stockholder.

It is unclear how successful this has been. Walker Brothers, which cost the company £350m, is likely to make a loss of £15m for the year, although the results will be tucked away in British Steel's general distribution activities.

The UK is still one of the highest priced markets in Europe, with cold rolled [illegible] selling for [illegible] tonne compared with $436 in Belgium and $433 in France.

In spite of its control of much of the distribution system, British Steel has been losing market share to foreign competition and there is no sign of it being able to make price rises stick or of mar[illegible].

Moreover, [illegible] UK market is likely to become increasingly competitive. Usinor Sacilor, the French [illegible] maker, recently completed the [illegible] of ASD, the second largest [illegible] stockholder. The price premium [illegible] British market will almost certainly disappear in the next few years as the UK market becomes more integrated into the continental European market.

It will become harder for British [illegible] to defend [illegible] privileged position in [illegible] UK steel market. There are only [illegible] other routes [illegible] growth: internationalise [illegible] stronger [illegible] markets [illegible] diversify [illegible] from steel [illegible] cyclical activities.

A management consultant who has worked with the company on its strategy says: "They are really still playing a strategy, they have not done anything significant yet. But it needs to expand away from the UK because it could become a target for predators."

Last year's £310m deal to buy the Troisdorf division of German steel maker Kloeckner Werke, has been followed by long-running [illegible] to buy Aristrain, a Spanish construction steel producer and [illegible] talks over a small joint venture [illegible] Stal, [illegible] state-owned steel maker.

Dispirited by the response from large European steel producers British Steel has turned to the US, for [illegible] Bethlehem Steel on [illegible] joint-venture in [illegible] increasingly competitive US market for structural steel in the construction industry.

These talks may [illegible] been a factor behind Mr Llowarch's departure. Sir Robert was enthusiastic about the deal; Mr Llowarch insisted it [illegible] only go ahead if the Bethlehem Steel [illegible] agreed [illegible] changes in working practices.

Last month, the day after Mr Llowarch announced his departure, the two companies said they had abandoned plans to consolidate Bethlehem's two structural steel plants into one, a move many analysts interpreted as a [illegible] to the unions.

There is [illegible] of the kind of expansion which Japanese steel makers have pursued with mixed [illegible] and which provides Thyssen [illegible] Mannesmann, the German steel and engineering groups with greater stability. Sir [illegible] will insist [illegible] company should stick [illegible] what it knows [illegible] – making steel.

That does [illegible] rule [illegible] shareholding [illegible] joint venture with non-steel groups in [illegible] business which might provide British [illegible] with [illegible] financial balance.

Sir Robert Scholey: sticking to steel

Economics Notebook

More growth potential than meets the eye

MORE than 100 years have passed since Britain could claim to be the "workshop of the world".

Yet, although manufacturing accounts for only 24 per cent of UK gross domestic product, it still dominates many of our perceptions of what is happening in the economy.

Investment is a case in point, as highlighted by last week's first quarter figures for gross domestic fixed capital formation from the Central Statistical Office.

The CSO went to the trouble of issuing the news twice – once tucked away in a table towards the end of a lengthy news release about the GDP and later in a "Business Bulletin". But it failed to make much impact. This was because the statistics had been "scooped" the month before by an earlier government announcement of its preliminary estimate of capital expenditure by manufacturing industry.

The CSO figures released in May painted a very bleak picture. Manufacturing investment reportedly fell by 11 per cent in real terms between the final quarter of last year and the first three months of 1991 and dropped by nearly a fifth compared with the first quarter of 1990.

However, last week's figures made clear that spending by manufacturers on such things as buildings, vehicles and plant and machinery was only 18 per cent of overall capital spending by industry and commerce.

Using 1985 prices to establish the inflation-adjusted trend, the CSO put investment by manufacturers at £2.69bn in the quarter compared with total capital spending of £14.86bn [illegible] the figures for service activities such as banking and retailing and the construction, energy and water industries are added.

The all-industry investment figures still told a tale of declining outlays, consistent with [illegible] nation in recession. But the figures were less alarming than for manufacturing alone. They showed a drop of just 2 per [illegible] in capital spending between the fourth quarter of 1990 and the first quarter of 1991 and a decline of around 9.2 per cent compared with the first three months of last year.

******

The manufacturing investment figures can therefore give a false impression of UK economic developments. Other problems arising from the concentration of [illegible] on manufacturing investment are highlighted in a paper by Mr Alistair Milne, a research fellow at the London Business School, in the latest issue of the LBS Economic Outlook, published today.

Looking at the period of the "Lawson boom" between 1986 and 1989, Mr Milne says that non-manufacturing investment played at least as large a role as consumption in increasing demand and creating rapid growth.

******

Rapid growth of non-manufacturing investment [illegible] structural change in the economy in the 1980s. Mr Milne argues that financial [illegible]tion, technological innovation and changing patterns of business expenditure fueled a rapid expansion of output from companies in sectors such as financial and business services.

This then produced a substantial surge in non-manufacturing investment, including the large amount of office and retail property constructed in the period [illegible] overhanging the market.

Mr Milne draws [illegible] main conclusions from his work. One potentially controversial suggestion is that the easing of monetary policy after the 1987 stock market crash contributed less than thought to the late 1980s boom.

While this might give some comfort to the government, his other main conclusion has serious implications for Mr Norman Lamont, the present chancellor of the exchequer, and his hopes for economic recovery. The sharp increase in non-manufacturing investment in the late 1980s is likely to be followed by a fall of 13 per cent this year and a further 7 per cent next year, worsening the current fall in output and slowing recovery in 1992.

******

In preparing his paper, Mr Milne had to cope with the inadequacies of British official statistics. He was unable to get accurate statistics for the period from 1989 onwards.

Such deficiencies should be rectified eventually as [illegible] government's [illegible] improve the [illegible] take [illegible] by [illegible] the world will have undergone further change and [illegible] whether capital spending figure – [illegible] they for manufacturing [illegible] non-manufacturing investment – will tell us everything we want to know of how companies are investing in preparing [illegible] future.

It is for this [illegible] that [illegible] begun [illegible] more closely [illegible] what [illegible] known [illegible] intangible investments – [illegible] category of spending that [illegible] industrial [illegible] report.

The [illegible] Organisation for [illegible] Cooperation and Development [illegible] intangible [illegible] covering all long-term [illegible] by firms aimed at increasing future performance other than by the purchase of fixed assets.

These can include investments in technology, such as research and development, which help companies introduce new products and processes. Spending on skills and training, design, market research and exploration, and the acquisition and exploitation of software also count as in[illegible].

Intangible investments are increasing rapidly with the growing importance of high-technology industries that depend [illegible] innovation, skills and information rather than being simply capital intensive. Managements realise that technology, skills and organisation determine competitiveness.

[illegible] reported that in [illegible] by [illegible]ish manufacturers in such intangibles were greater than their gross fixed capital formation. In Sweden, the engineering industries, which typically are heavy spenders on capital equipment, spent almost twice as much on intangible investments that year as on physical in[illegible].

[illegible] problem facing [illegible]nomic policy [illegible] is that there is no agreement among countries on a full list of intangible investments or a system of categorising them. Some elements, such as research and development, [illegible] relatively [illegible] quantify. For [illegible] as [illegible] training in new skills, data is patchy.

It [illegible] also difficult to assess how [illegible] investments will eventually influence economic growth. In theory, they should help companies achieve better output and productivity from technical change.

The bad news for economists is that conventional investment figures give only a partial account of what industry and commerce are doing to secure their future. The good news may be that there is more growth potential in the modern industrial economies, including Britain, than meets the eye.

Peter Norman

US new issues rise by $100bn in first half

By Nikki Tait in New York

ATTEMPTS by corporate America to pay down or refinance its debts produced a rise of almost $100bn in new issues during the first half of 1991. The increase also meant bumper fees for Wall Street's investment banks.

According to IDD Information Services, underwritten new issues, involving either share issues or new debt securities, totalled $249.7bn in the six-months compared with $163.8bn in the same period of 1990, a 52.4 per cent increase.

Securities Data, which also tracks corporate new issues, put the current year's figure even higher, at $261.9bn.

The sharpest jump came in new equity issues. Secondary common stock offerings – with flotations excluded – more than tripled, to total $17.7bn, against $5.93bn in the first half of 1990.

Many companies were encouraged to tap investors for new equity capital after an end to the Gulf war and the prospect of economic recovery boosted share prices. Groups, such as RJR Nabisco or Time Warner, which acquired heavy debts as a result of leveraged bid activity in the 1980s, have been prominent new issuers.

Increases in debt securities were relatively more modest: convertible debt offerings, 70 per cent to $4.73bn; non-convertibles offerings 47 per cent to $213.4bn; preferred stock offerings doubled to $5.85bn. This partly reflects efforts by companies to refinance debts, lowering the overall cost.

Securities Data and IDD estimate the bankers earned around $2bn from new-issue activity during the period – with Merrill Lynch taking the number one spot.

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Average Annual Compound rate of return 3 years to 31st December 1990	+13.3%	n.a.	+9.4%

*Please note that past performance is no guarantee of future performance. SOURCE: CAPS

We would welcome the opportunity to tell you why [illegible] believe the [illegible] is wrong again.

[illegible] FURTHER [illegible] THE [illegible] DIRECTOR, BRUCE [illegible]

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Avoiding the limelight after cleaning up on Hanson

Daniel Green on the legality of dividend washing

IT IS NOT every day that \$1.7bn (£1bn) worth of Hanson shares goes through the London stock market in one go. Not [illegible] because [illegible] single investor [illegible] many. It is even more unusual for that kind of business to create hardly [illegible] ripple in the City, except among [illegible] few specialist traders and *an incredulous* audience of international tax lawyers.

But it happened last week. Trading screens showed vast numbers [illegible] Hanson shares moving through the [illegible] electronic ticker [illegible] lunchtime [illegible] Thursday. These were not ordinary shares, but American Depository Receipts (ADRs), the vehicle through which UK company shares are usually held in the [illegible].

There are five Hanson shares [illegible] each [illegible] and within [illegible] few minutes more than *50m ADRs* had been traded, accounting for about 5 *per cent of the whole company.* [illegible] ADRs are [illegible] in New York, although there is a market for them in London.

The jargon for the type of deal conducted is "dividend washing." The principle [illegible] that shareholders liable to be taxed [illegible] sell [illegible] temporarily to an entity liable for [illegible] tax. They sell before receiving payment (cum-dividend) and buy them back afterwards (ex-dividend). The two parties split any gains between them.

The problem is that tax authorities, including the UK's, [illegible] not like dividend washing, *and there is plenty of legisla*tion (summarised in the [illegible] Act 1988) designed to minimise it. The legal position of Thursday's trades might be additionally complicated by the widely-held view that the [illegible] of the [illegible] shares traded [illegible] US-based, [illegible] nominal ownership changed during the operation.

Lawyers acknowledge that its legality is untested in the courts. At least three [illegible] the biggest [illegible] in *London, and one in New York,* have refused to [illegible] involved with such deals after taking legal advice.

More than one London house is, however, prepared to [illegible] the risk, and *market specula*tion centres around one in particular – although this house refuses to comment.

The Wall Street holders of the Hanson ADRs, who temporarily bundl[illegible] together 100m held in the long term by pension funds and the like, also shun the limelight.

Mr Derek Jenkins, [illegible] *tax* [illegible]cialist with Coopers & Lybrand Deloitte, said that the [illegible] might be broken if [illegible] trader made gains as a result of "a pre-ordained scheme of [illegible] avoidance."

"If they are getting some *benefit of the tax then they* [illegible] arguably within the scope of the legislation," said Mr Jenkins. "If [illegible] charging the normal rate they might not be." The definition of a normal [illegible] is [illegible] debatable, [illegible] buying and selling 5 per cent of Hanson is not [illegible] normal occurrence.

A dealer close to last [illegible] echoed this concern, emphasising, however, that the d[illegible] "[illegible] simple put through, rather like a big bed and [illegible]." He [illegible] that [illegible] deal would receive a booking fee, as with any ordinary trade, and not a slice of the tax [illegible].

The Inland Revenue said on Friday: "If it [illegible] like [illegible] artificial device we would want to look at it."

Anglia Secure loss hits £4.2m

ANGLIA SECURE Homes, the retirement homes developer, failed to move out of its loss-making pattern of late and reported an increased deficit before tax of £4.22m in the six months to March 31, writes Michiyo Nakamoto.

That compared with a loss of £2.86m [illegible] months earlier and with losses of £8.89m and £4.45m respectively for the previous [illegible] full years.

The interim dividend [illegible] again being passed. Loss per share was unchanged from the previous half-term at 12.8p.

Anglia continued [illegible] suffer from the high interest rate environment and recessionary pressures prevailing in the UK.

The number of units the company sold in the period fell to 139 from 208 previously, while the average price of units [illegible] declined [illegible] (£71,000).

Turnover slumped to *£10.96m (£17.24m).*

In the short term Anglia is concentrating efforts on generating cash from sales even at the expense of profit and in reducing stocks and debts.

Fears voiced about ADR market

By Simon London

UK COMPANIES with [illegible] *Depositary Receipt* programmes fear that they will lose control of their share registers if US banks are allowed to set up duplicate facilities without their permission.

A number of UK companies have expressed concern to the US Securities and Exchange Commission, [illegible] is undertaking a wide-ranging review of how the ADR market is [illegible]ulated.

Duplication of existing programmes has been banned *since 1983. However, Security* Pacific applied [illegible] the SEC [illegible] *Autumn to start an unspon*sored ADR facility for Sons of Gwalia, [illegible] small Australian mining company which already had a sponsored programme in place.

Burmah Castrol, the lubricants and chemicals company which has had [illegible] sponsored ADR programme since 1987, *has appealed* [illegible] the SEC through the bank which runs the programme, Bank [illegible] New [illegible]. Other companies understood to have expressed concern include Rolls Royce and Bass.

"We want [illegible] keep control [illegible] our share register and [illegible] communicate with sharehold[illegible] we [illegible] fit," [illegible] Mr *James Alexander,* head of corporate affairs [illegible] Burmah Castrol.

However, duplication of ADR [illegible] is seen by [illegible] including [illegible]rity Pacific, as necessary to [illegible] competition.

Three depositaries dominate the ADR market: Bank of New York, Morgan Guaranty [illegible] Citibank. Together, they account for about 90 per cent of new business.

However, other banks com[illegible] that programmes [illegible] *up without the issuing com*pany's [illegible] are themselves anti-competitive.

"A [illegible] can't [illegible] fired from *an unsponsored programme* because the issuing company never gave its consent in the first place," said Mr Joe Velli, head of ADRs for Bank of New York.

Mr Velli also argued [illegible] duplication of existing programmes would cause confusion among investors and could cause overseas companies [illegible] the [illegible] market.

The depositaries themselves are lightly regulated. Any organisation can become a depositary and [illegible] are no regulations governing the level of [illegible] offered, such as [illegible] delivery of [illegible] or communication with ADR holders.

Reed Executive in the red

By Roland Rudd

REED EXECUTIVE, the employment agency which has cut its staff from 1,173 to 986, *turned in a loss of £798,000* for the year to March 31 and is *halving its dividend.* The loss compared with previous profits of £1.5m.

Mr Alec Reed, chairman and chief executive, said the recession had particularly affected its wider branch network in the City of London and south-east England. Group turnover declined by 14 per cent, from £139m to £119m.

There is no final dividend, leaving the payemnt at 0.6p (1.2p).

Mr Reed said most employers had frozen recruitment. That meant the labour market *had been flooded at a time of* virtually no vacancies.

The group's own redundancies and loss on surplus properties and equipment amounted to £435,000, part of an exceptional loss of £1.17m (nil).

Mr Reed said the company was still in a strong position since it had no borrowings and had increased its share of the market.

Asprey advances 12% to £24.4m [illegible] sales surge

Asprey, the [illegible] *Bond* [illegible] jeweller, bucked [illegible] retail trend with a 12 per cent increase in pre-tax profits from [illegible] £24.4m [illegible] March 31, writes Roland Rudd.

Sales exceeded £100m *for* the first time with [illegible] 33 per cent *increase from £75.3m.*

Earnings [illegible] share [illegible] static at 18.5p. The proposed final dividend is 3.75p [illegible] making a total for the year of 4.85p.

A review of the merchandising and structure of the Mappin [illegible] Webb group, which was acquired [illegible] last year, resulted in the [illegible] of three UK [illegible]sions and the opening of three Far East outlets.

[illegible] the year-end Asprey [illegible] acquired [illegible] Bolvin, [illegible] Parisian jewellery designer, manufacturer and retailer, for £3m.

TT extends deadline for MMG offer

TT Group, [illegible] industrial holding [illegible], now con[illegible] more than 36 per cent [illegible] Magnetic Materials Group, the USM-quoted maker of magnetic components.

The deadline for TT's final £9.9m cash offer of 54p per share, [illegible] 4-for-10 shares, [illegible] been [illegible] *July* 11.

TT attacked MMG's latest defence document, which said *property sales could raise £3m.* It asked why MMG had only just realised it had surplus property.

TT also complained that there was no guide to the current net asset value, nor to turnover or profit in the year starting today.

MMG, which made £1.51m pre-tax in 1989-90 but forecast £625[illegible] for the year just ending, [illegible] stressed its scope for recovery.

Trans World £1.84m loss

TRANS World Communications, the radio and leisure group that sold its Miss World business [illegible] December, reported a pre-tax [illegible] of £1.84m in the year to December compared previous profits of £4.56m after [illegible] *collapse in advertising reve*nue.

The dividend for the year is being [illegible] – shareholders [illegible] for 1989. Sales rose to £12.99m (£12.72m) and earnings per share of 32p turned *into losses* of 17.4p.

Mr Owen Oyston, chairman, said the company was in talks *to raise additional capital and* the renewal [illegible] facilities with [illegible] view [illegible] reducing [illegible] £11.6m.

BS Group shows loss of £770,000

BS GROUP, [illegible] stadium and property group which merged with Scott's Restaurant in November, reported a pre-tax loss [illegible] £770,000 for 1990, compared with a profit of [illegible], restated to take account of the merger.

Mr Nicholas Kerman, the deputy chairman, said the fall was the result of higher interest [illegible] of £2.19m (£1.59m) on debt that had risen to £13m as a result of selling some houses at a loss.

Sales fell [illegible] £13.2m [illegible] £13m. The dividend is again passed.

Kerman [illegible] interests control 45 per cent of the stock. Minority holders last year were very critical after a controversy over valuation of Scott's [illegible].

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Oceana [illegible] Corp (South Africa)	Etam [illegible]	Fashion retailing	£57m	[illegible] bid [illegible]
BSN [illegible]	W & R [illegible]	Food	£38m	Bid Speculation confirmed
[illegible] (UK)	[illegible] (Spain)	Drinks	£29m	Subject to regulatory approval
TI Group (UK)	[illegible] Japan (Japan)	[illegible]	[illegible]	Part of planned [illegible]nsion
Societe Generale (France)/ [illegible] Albertini (Italy)	Albertini [illegible] C (JV)	Financial Services	[illegible]	Sixth such briker-manager
[illegible] Nacional [illegible] Engenharia (Brazil)	[illegible] Engineering [illegible]	Plant	Est £10m	Wimpey [illegible] out to [illegible]
United Scientific Holdings (UK)/Societe de Fabrications d'Instruments de Mesure (France)	Sopelem (JV)	Electro-optical equipment	£10.2m	Part of wider co-operation
Heidelberger Zement (Germany)	Pragocement (Czechoslovakia)	Building materials	£10m	40 per [illegible] stake
Heidelberger Zement (Germany)	[illegible] (Czechoslovakia)	Building materials	£10m	[illegible] stake
Penrice (Australia)	Units of ICI (UK)	Soda Ash	£90m	ICI starts assets sales

Source: FT Mergers & Acquisitions International

The privatisation of eastern Europe is producing a growing *number of outright purchases, writes Brian Bollen.*

Although the values are still tiny by international standards, *the region is clearly responding* to the invasion of western financial advisers.

UK engineering group TI became the first British company to buy a controlling stake in a Czechoslovakian privatised company, with its investment in Osinek, the country's only maker of automotive brake products. Last week's clutch of deals in Czechoslovakia also included several large stake purchases in the building materials sector.

Elsewhere, ICI joined the growing list of companies disposing of non-core operations. Its agreement to sell its UK and Kenyan soda ash businesses to Penrice of Australia marks the first significant asset sale since February.

UK construction and property group Wimpey agreed to sell SLP Engineering, which makes modules and decks for the North Sea oil and gas industry. The deal gives Brazil's Odebrecht group a foothold [illegible] the sector.

South African-controlled Oceana Investment Corporation's full bid for UK fashion retailer Etam finally [illegible] with just an hour to spare before a deadline appar[illegible] by the Takeover Panel.

The agreed bid from French foods giant [illegible] for Irish biscuit maker W&R Jacobs builds on an existing [illegible] which BSN acquired [illegible]o years ago, and confirms long-standing speculation of a bid.

Still in the food sector, JP Morgan advised Roquette Freres of France in its purchase of fellow corn derivatives concern Hubinger, from HJ Heinz of the US.

Today, Ericsson moves Europe into a new era of mobile telephony

Nearly five million of the world's twelve million mobile phones are served by Ericsson systems. You will find our systems in over 40 countries worldwide. This makes us the undisputed leader in the business.

Exactly ten years ago, [illegible] inaugurated the world's first cellular system called the Nordic Mobile Telephone. NMT has kept pace through the years and is still the largest and, in many respects, the most advanced network in the world.

But now we step into the technology of the future. After many years of intensive development work the digital mobile telephone system GSM, which is to connect all of Europe in one large network, is a reality.

In 10 of the 18 GSM countries, Ericsson has been selected [illegible] be responsible for design, supply and installation of GSM systems. The opening day was set for July 1, 1991 for the first systems.

In these pioneering countries, Sweden, Finland and Denmark, today is [illegible] historical day. GSM is operational – thanks to an incredible commitment by thousands of Ericsson employees and business partners, who fought both against time and against the odds.

Today, [illegible] new era is unfolding in the world of mobile communications. With digital technology, mobile phones will be easier to use, more accessible, less troubled by interference, more secure and eventually, less expensive. Pan-European GSM will provide communications without boundaries.

We wish the GSM operators in Denmark, Finland and Sweden a bright and successful future with their new systems.

Ericsson Radio Systems AB, S-164 80 Stockholm, Sweden.

ERICSSON

COMPANIES AND FINANCE

Wang plans to cut staff by 23%

By Martin Dickson in New York

WANG Laboratories, the troubled US information technology group which agreed last month to sell computers made by its rival, International Business Machines, is cutting its workforce by around 23 per cent – 3,000 to 4,000 people – over the next few months.

The move stems partly from the IBM deal, which is expected to reduce Wang's manufacturing of mid-range computers, and partly from a general cost-cutting as the company undergoes significant structural changes.

Wang has decided to shift the main focus of its attention from computer manufacturing to high technology office services, notably imaging software, which converts paper documents into electronic pictures.

Wang, which had a monolithic organisational structure, is dividing itself into three business units: information systems, which will make the company's traditional VS mid-range computers and new IBM machines; Office 2000, which will concentrate on imaging software and other services; and personal computer systems.

It is to sell IBM's personal computers and its [illegible] RS/6000 workstations under its own labels. Wang added that it intended to continue making its own personal computers and planned to start [illegible] chandising them through [illegible] electronics stores.

About half of the job cuts will be in Massachusetts, where Wang is based, [illegible] the rest around the world. It has around 17,500 employees. Wang, which is believed to have ended the [illegible] in June with its third annual operating loss, said it expected to [illegible] a [illegible] uring charge in the final quarter.

The deal with IBM is a bitter blow for Wang, which a decade ago was a strong challenger in the [illegible] computer market but has [illegible] sales gradually erode. Analysts say the new strategy carries high risks, since by steering customers to IBM equipment, it [illegible] lose valuable service [illegible] to the computer giant.

It is [illegible] questionable whether Wang can grow its software-based [illegible] services business sufficiently quickly to make up for any further [illegible] on the computer side.

Latin American fund set up

By Stephen Fidler

A FUND mainly [illegible] at the growing number of Latin American individuals bringing funds back into their own region has been launched.

The [illegible] 500 Fund, an open-ended fund incorporated in Jersey, is initially seeking up to $60m from rich individuals and institutions willing to invest at least $1.5m. It is not being sold either in the UK or the US.

The fund's adviser is Chartered WestLB, the merchant banking joint venture between Standard Chartered of the UK and Westdeutsche Landesbank, which has run an investment portfolio for its own benefit along similar lines for three [illegible].

Mr Hans Ostlund, a director of [illegible], said it was envisaged the fund could eventually grow to $250m. With powers to borrow up to 50 per cent of its net asset value, this would allow it to invest almost $400m.

The fund will have broad powers to invest in Latin American [illegible] equity securities and bank loans, denominated either in foreign or domestic currencies. It will also be able to invest in buy-[illegible] and takeovers, provided that no more than [illegible] per cent of the fund's gross assets is invested in one company. Its investments will not be limited to Latin America.

A growing amount of the flight capital that left the region in the 1970s and [illegible] is returning to Latin America. Some has been attracted to buy bank debt by the extremely low prices to which it fell as banks built up third world debt provisions. There is also [illegible] of growing investor confidence in the economic performance of some countries in the region.

Air New Zealand records NZ$19.4m loss for year

By Terry Hall in Wellington

AIR New Zealand suffered a NZ$19.4m (US$11.18m) loss for the 12 months to March 31, against a profit of NZ$100.1m last year, and is to raise NZ$140m through a one-for-two rights issue.

Both Brierley Investments, which has a controlling stake, and Qantas, the Australian national carrier, are to subscribe for their entitlements in the issue but the other main shareholders, American Airlines and Japan Air Lines, have yet to decide.

The final dividend is being passed, but Mr Bob Matthew, chairman, said the anticipated return to profit should see payment of 8 cents a share in the 1991-92 year. There was no payment in the last year ended March 31.

Mr Matthew said the result was not satisfactory, but in the circumstances it was "not terribly disappointing".

The airline's operating profit plummeted 88 per cent from NZ$62m to NZ$7.8m on revenue ahead NZ$90m to just under NZ$2bn.

Mr Matthew said the domestic passenger volume had been fluctuating month by month but the airline was saving more from rationalisation, including redundancy, than it had expected.

Annual cost reductions of up to NZ$80m had already been achieved and the company expected the domestic services to produce much improved profits.

Internationally the northern hemisphere and Australian markets were some way from recovery and most of Air New Zealand's competitors were reporting dramatic trading reversals.

The Asian market, however, remained strong, which helped the airline to offset the negative effects of the Gulf war and the depressed economies of New Zealand, Australia, the US and Britain.

The company is changing its balance date to a June financial year and the 15-month period will see an abnormal gain from an aircraft sale of NZ$56.4m.

Endesa to make Pta47bn share offer for Sevillana

By Tom Burns in Madrid

ENDESA, the government controlled utility, is to make a [illegible] ($415.9m) public share [illegible] for Sevillana, the privately owned electricity company of southern Spain, with the aim of raising its equity in the company from 9.8 per cent to 33.5 per cent.

Trading in Sevillana was suspended at Thursday's price of Pta686 and [illegible] bid will be paying a premium at Pta710 [illegible] per [illegible].

Mr [illegible] Fuster, [illegible] chairman, [illegible] completion of the equity acquisition, INI, the public [illegible] holding company that currently owns 75 per cent of the utility, would reduce its shareholding in Endesa by 8 per cent.

[illegible] per cent tranche of this stock would be bought by Sevillana, and Sevillana shareholders who had previously sold their shares to Endesa would have a preferential offer for the remaining 6 per cent of Endesa's equity.

● Rizzoli-Corriere della Sera, the Italian media group, has injected Pta4.3bn, through a rights issue, into El Mundo, the fourth-ranked Spanish national newspaper.

El Mundo was launched 18 months ago and achieved average daily sales of 104,000 last [illegible].

The [illegible] give the Italian group a 45 per cent stake in the [illegible] terms of the agreement [illegible] continue to be managed and [illegible] by its present [illegible] for [illegible].

El Mundo, [illegible] to have pushed its daily sales this year up to 125,000 and to 200,000 on Sundays, had earlier raised Pta1.3bn in a capital increase [illegible] existing shareholders.

A campaigning newspaper which has broken a succession of stories on government corruption, El Mundo has an editorial staff of 110 members, only four of whom are more than 40 years old.

El [illegible] posted losses of Pta694m in 1990, its first full year of operations, and income of nearly Pta6bn.

Eridania increases holding in rival sugar group to 65%

By Haig Simonian in Milan

ERIDANIA, the Italian sugar [illegible] controlled by the Ferruzzi-Montedison group, has bought a 15 per cent stake in ISI, a large domestic sugar group.

The acquisition takes the Eridania group's holding in ISI to 65 per cent and makes it Europe's biggest [illegible] producer, just ahead of Südzucker of Germany.

According to Eridania, its share of the sugar market in the European Community will rise to 15 per cent, against 13 per cent for Südzucker.

Domestically, the deal will raise its share of the market to around 60 per cent.

ISI, which had sales of L420bn ($311m) last year, has been an increasingly attractive, but somewhat illusive, target for Eridania.

The acquisition of the latest 15 per cent stake, held by Finbieticola, a financial holding company owned by sugar producers, is believed to have cost L18bn.

In a complex deal, SAFI, the Eridania subsidiary which owns the stake in ISI, has also agreed [illegible] an option with Finbieticola to buy the remaining 35 per cent of its stake in ISI at any time until 1995.

CRA sees profits fall 30%

By Mark Westfield

CRA, the Australian resources group, has predicted a profits fall of at least 30 per cent for 1991 following a statement by its 67 per cent-owned subsidiary, Comalco, that its aluminium smelting business was losing money and [illegible] overall profit would be halved.

CRA told the Australian Stock Exchange that earnings would decline at least 30 per cent, or [illegible] on [illegible] year's A$472m net profit if commodity prices did not improve and the Australian dollar remained high.

But analysts believe in the likelihood of an improvement in commodity prices, in particular aluminium, and a depreciation of the Australian currency, both of which would benefit CRA.

Comalco made a net profit last year of A$177m and if earnings fall as expected it will make about A$88m in 1991.

Cardiff Automobile Receivables Securitisation (UK) plc

£328 million Floating Rate Notes Due 1995

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from 27th June, 1991, to 27th September, 1991, the Notes will carry interest at the rate of 11.625 per cent per annum. Interest payable on 27th September, 1991 will amount to £293.01 on each £10,000 Note.

Chartered WestLB Limited
Agent Bank

Sumisho Lease Co., Ltd.

US $30,000,000

Guaranteed Floating Rate Notes due 1995

Notice is hereby given that, in accordance with the provisions of the above mentioned Floating Rate Notes, the rate of interest for the six months period from June 28, 1991 to December 30, 1991 (185 days) has been fixed at 6.7375% per annum.

The interest payable on December 30, 1991 will be US $17,311.63 in respect of each US $500,000 Note.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
AGENT BANK

Asarco to sell Mexican stake

By Kenneth Gooding, Mining Correspondent

ASARCO, the US integrated metals producer, has put up for sale its 31.2 per cent shareholding in Medimsa (Mexico Desarrollo Industrial Minero), which dominates Mexico's copper production.

The US group has invested more than $288m in Medimsa, which accounts for about 95 per cent of copper output in Mexico and 5 per cent in the western world. Asarco intends to use the proceeds to reduce bank debt and says it would ultimately re-invest them in its US operations.

Asarco has called in CS [illegible] Boston to advise on the sale of all or part of its holding, either privately or via an international stock offering. The group says it has already contacted a number of potential private buyers.

The rest of the Medimsa shares are owned by Mr Jorge Larrea's Grupo Industrial Minera Mexico, which is listed on the Mexican stock exchange. Medimsa owns 13 mines and seven metallurgical plants in Mexico and had 1990 sales of $870m and net earnings of $171m.

In the past three years Medimsa has acquired the country's two biggest copper producing companies – Mexicana de Cobre and Mexicana de Cananea – and its annual production is expected to be 330,000 short tons of copper (a short ton is 2,000lb), 50,000 short tons of lead, 180,000 short tons of zinc and 16m troy ounces of silver.

Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the preference shares of the Company now being issued in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to the Official List. It is expected that dealings in the preference shares will commence on 1st July, 1991.

WILTON GROUP Plc

(Registered in England – No. 1512221)
(Incorporated under the Companies Act 1948 [illegible] 1985)

ISSUE [illegible] NEW PREFERENCE SHARES
In connection with the Recommended Offers
for the issued share capital of Cowan, de Groot PLC

SHARE CAPITAL

Authorised		Issued and to be issued fully paid*
£7,000,000	in Ordinary Shares of 1p each	£4,471,733
£1,092,386	in [illegible] Cumulative Preference Shares of [illegible] each	£481,796
£8,092,386		£4,953,529

* Assuming full implementation of the Offers

Following the successful Recommended Offers for the issued share capital of Cowan, de Groot PLC, Wilton Group Plc is now a holding company for a group of companies engaged in specialist stonemasonry, wholesaling and distribution of consumer goods and property investment.

The ordinary shares of Wilton Group Plc are dealt in on the Unlisted Securities Market. Application has been made to the Council of The Stock Exchange for permission to deal in the preference share capital, issued and to be issued, of Wilton Group Plc on the Unlisted Securities Market. It is expected that dealings in the shares will commence on 1st July, [illegible]. Particulars of the [illegible] Cumulative Preference Shares of £1 each of Wilton Group Plc are available in the Extel Financial Unlisted Securities Market Service. Copies of the particulars may be obtained during usual business hours from the Company Announcements Office of The London Stock Exchange up to and including 3rd July, 1991 or during usual business hours on any weekday (Saturdays excepted) up to and including 15th July, 1991 from:—

Wilton Group Plc
[illegible] Halkin Street
London SW1X 8JL

English Trust Company Limited
Carthusian Court
12 Carthusian Street
London EC1M 6EB

Sheppards
[illegible] London Bridge
London SE1 9QU

1st July, [illegible]

LIT [illegible]

International Bank for Reconstruction and Development

Floating Rate Notes due 1997

For the period [illegible] July 1, 1991 to January 2, 1992 the Notes will carry an [illegible] of [illegible] per annum [illegible] an interest amount of LIT 297,000 per [illegible] of LIT [illegible] per LIT 50,000,000 Note.

The relevant interest payment date will be January 2, [illegible]

Agent Bank:
Banque Paribas Luxembourg
[illegible] Anonyme

Nationwide Anglia Building Society

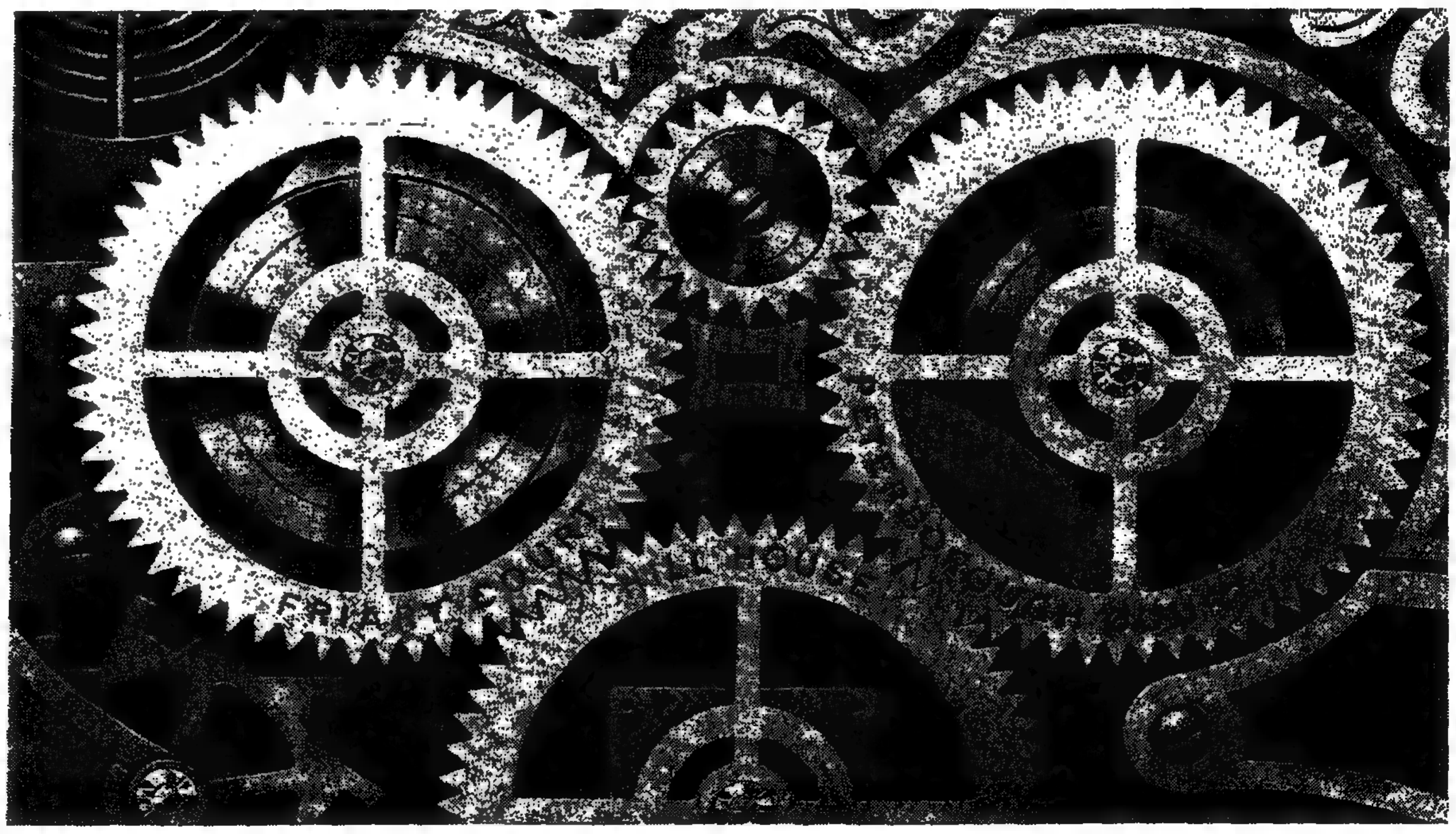
Anglia Building Society

£150,000,000 Floating Rate Notes [illegible]

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 27th June, 1991 to 27th September, 1991 has been fixed at 11.455 per cent. per annum. Coupon No. 20 will therefore be payable on 27th September, 1991 at £2,887.29 per coupon from Notes of £100,000 nominal and £144.36 per coupon from Notes of £5,000 nominal.

S.G. Warburg & Co. Ltd.
Agent Bank

DRT International



Touche Ross announce a timely move in London.

We are pleased to announce that we have completed the relocation of our offices in London.

Our London office is the largest in the DRT International network, which is the third largest accounting and consulting group worldwide.

With 3,000 professionals and support staff in London, our new moves confirm our commitment to continuity, fresh thinking, and an integrated service for our clients. Whether multinationals, governments, city institutions or owner managed businesses. It's a matter of maintaining balance and strength. And good timing.

From July 1st, our new addresses will be as follows:

Executive Office
Management Consultancy Division
[illegible] Institutions Practice
Peterborough Court
133 Fleet Street, London EC4A 2TR
Tel: 071 936 3000 Fax: 071 583 1198

Audit & Accountancy Division
Taxation Division
Professional Partnerships Group
Owner Managed Business Group
Hill House
[illegible] Little New Street, London EC4A 3TR
Tel: 071 936 3000 Fax: 071 583 8517

Corporate Special Services
Corporate Finance Group
Personal Financial Planning
Insurance Group
Friary Court
65 Crutched Friars, London EC3N 2NP
Tel: 071 936 3000 Fax: 071 480 6958

For further information, please write to Mr. John Connolly, London Managing Partner, Touche Ross & Co., Peterborough Court, 133 Fleet Street, London EC4A 2TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

INTERNATIONAL CAPITAL MARKETS

UK GILTS

Precious few signs of falling yields

AROUND the beginning of 1991, much of the talk among gilt specialists was of convergence with the other main European bond markets.

Gilts enjoyed a promising spell during the latter half of last year, with many of the securities showing a marked rise in prices.

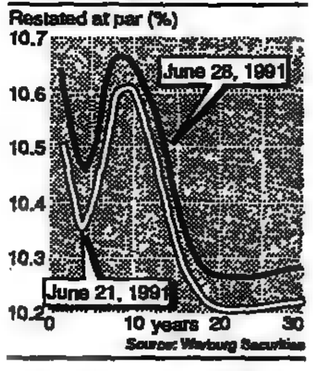
There were hopes that, with the UK economy subject to the restrictions of the European exchange rate mechanism (ERM), the outlook for gilts would be positive, and that yields would continue to fall closer to the levels of German and French government bonds.

However, in the past month, there have been precious few signs of a movement in this direction. The political uncertainties related to the depth of the UK recession, signs of weakness for sterling plus the prospect of large gilt issues over the next year have conspired to dampen enthusiasm for gilts, leading to a general slide in prices along the yield curve.

Last week, yields continued to drift upwards, the rise being most pronounced for short-dated securities, reflecting the pressures resulting from the pound's lack of firmness in the foreign exchange markets.

The market received a boost, however, with the successful auction on Wednesday by the Bank of England of a new issue of 10 per cent Treasury bonds, repayable in 2001, which was oversubscribed.

UK gilts yields



The difficulties for gilts can be appreciated by examining their performance during 1991, compared with that of bonds in the other main markets.

Between early January and the end of last week, gilts of a 10-year benchmark maturity saw a net decline in yields of about 20 basis points, from around 10.8 per cent to 10.6 per cent. Much of the downward yield pressure was in the first quarter of the year, when conditions were generally favourable for the bonds.

Over the same period, French 10-year bonds have seen a fall in yields of about 80 basis points, to 9.1 per cent. German securities of this maturity were being quoted on Friday at about 8.4 per cent, roughly 60 basis points lower than at the beginning of the year.

Between January and last week, Japanese yields at the 10-year level have been little changed. In the US, yields have risen, reflecting the signs of an ending to the recession and worries about a return to inflationary pressures over the next year.

Why have the indications of ERM-inspired convergence for gilts fizzled out? "In the past month, gilts have become subject to a risk premium," says Mr Peter Crawford, an analyst at the London office of J.P. Morgan, the US bank.

"The worries related to the UK economy and the outcome of the next election are having a negative impact on the market."

Mr Sanjay Joshi, an economist at Daiwa, the Japanese securities house, believes the outlook for gilts over the next few months will continue to be depressed. "There will be continuing indications of falling inflation – but that is becoming an old story, and it won't give the market much of a lift."

The statistical evidence of last week generally underlined suggestions that the expected upturn in the UK economy, which the government hoped would have become apparent by now, looks like being delayed.

Pessimistic news about an early recovery came with figures showing that consumers' real disposable income fell between the final quarter of last year and the first three months of 1991 by 0.6 per cent, the largest quarterly fall since early 1985.

One fear is that if incomes decline too steeply during 1991 then, despite the effects of falling inflation, the recovery led by consumers may not happen until after the end of the year.

There is one faint ray of light on the horizon for gilts, says Mr John Sheppard, a bond expert at S. G. Warburg. "As the recession drags on, investors may begin to have their doubts about the outlook for equities," he points out. "As a result, there may be more of a tendency to switch into gilts."

Amid the gloom, this was about the most optimistic sentiment that could be discerned from the gilt market last week.

Peter Marsh

EUROPEAN BONDS

June provides a lesson in convergence

THE PAST month has provided an object lesson in the nature of European bond market convergence. While yields will probably converge towards German levels in the long term, sudden and sharp corrections can still occur.

The most marked correction has come in France – perhaps the most mature and internationally traded of converging markets – where the 10-year yield spread over German government bonds swung out to 93 basis points last week from around 70 basis points earlier in June. This compares with a yield spread of just 45 basis points earlier this year.

Economists said the collapse was prompted by political gloom as the government of Mrs Edith Cresson faced a vote of no confidence. In addition, with the French currency close to the floor of the European exchange rate mechanism, there are fears that any rise in interest rates in Germany would have to be matched by the Bank of France to defend the franc.

Bond market traders pointed to a more mundane cause – short-selling by a few big international banks, taking profits after five months of steady convergence.

The French market is dependent on foreign investors, particularly at longer maturities, where overseas investors hold around one third of bonds. This is also true of the Spanish bond market, which has also undergone a sharp correction.

Spanish government bond yields at the five-year maturity, the most liquid area of the yield curve, have swung out to over 12 per cent from a low of 11.65 per cent in late May.

On the Spanish economic front, consumer prices in May showed inflation running at a year-on-year rate of 6.2 per cent compared with 5.9 per cent during the period from February to April. The acceleration was enough to unsettle a market betting on further easing of interest rates this year.

An outflow of international funds from Spanish bonds was also prompted by the weakness of the peseta on the foreign exchange markets.

It remained at the top of the European exchange rate mechanism grid, but fell far enough for investors to focus again on risk.

While less dependent on international investment, Italy's bond market has also suffered from political and economic uncertainty.

Analysts said the weakness of the market stems from the government's inability to force through measures to reduce the budget deficit. The government maintains that its deficit target of L132,000bn will not be exceeded. Foreign observers are predicting an outcome closer to L145,000bn – even if measures aimed at reducing the budget deficit are passed.

In the past month, the gross yield on the most liquid 10-year bonds has risen from 12.89 per cent to 13.32 per cent.

Even the Swedish government bond market, which had hardly made it out of the starting gate as a converging market following the decision to link the krona to the Ecu on May 17, has reversed. In the past month 10-year yields have risen to 10.7 per cent whereas in May the government was able to auction 10-year paper at 10.4 per cent.

Simon London

July 1, 1991
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US MONEY AND CREDIT

Banking cloud darkens cheerful data

PERHAPS the most remarkable aspect of the bond market last week was what it didn't do. For the most part, trading remained on an extremely even keel, with prices oscillating in a relatively narrow range for the first three trading days.

On Thursday, there were some modest gains all round, and only on Friday did the market make a significant movement, its first of the week.

Then, the 30-year bellwether long bond gained almost a point, providing a yield of 8.4 per cent by the close, compared with 8.51 per cent at the end of the previous week.

Given the relatively cheerful economic data – which appeared to back up those forecasts suggesting a modest recovery in the US economy is under way – this sanguine attitude seemed at first surprising. The bond market usually takes a dim view of cheery statistics which may carry inflationary implications.

Certainly, no one could dispute that, for once, the figures were both encouraging [illegible] consistent.

New orders for durable goods rose by 3.8 per cent in May, with economists pointing out the advance was fairly well spread among industrial sectors; consumer spending showed a 1.1 per cent rise in the same month, again nicely spread between durable goods, non-durables and services; and [illegible] "leading indicators" [illegible] notched up a 0.8 per cent advance, the fourth monthly increase in a row. On the last score, only three of the 11 constituent statistics showed any decline.

However, all the sunshine was overshadowed by a very large banking sector cloud. [illegible] of a large, and somewhat unexpected, loan loss provision by Wells Fargo, the West Coast commercial bank which had appeared to ride out the banking sector's troubles last year, turned attention on the credit crunch.

Wells' problems stem from its heavily leveraged transaction loans and exposure to the commercial property market. Was there further bad news to hit the troubled sector generally, asked the pundits?

By Thursday and Friday, the rumours were flying. Chase Manhattan was said to be having funding problems; Olympia & York, the property group, was said to have missed a loan payment due to Citicorp; a worrying analyst's report on Citicorp was said to be circulating; and so on.

It is also true that the economic indications, while signalling the recovery has begun, do not suggest it is proceeding at a rip-roaring pace. The point is made, for example, that the fairly significant increase in consumer spending last month was matched by a more modest 0.5 per cent income increase.

The savings rate, meanwhile, has dipped to 3.6 per cent – and although some pundits note this has not proved an obstacle to rising consumer spending, others see it as a potential check.

As analysts at S. G. Warburg point out: "The savings rate ... gives potential consumption activity a much weaker profile [illegible] was the case as the economy emerged from the 1982 recession, when the savings [illegible] per cent, and the bond market's scepticism about prospective economic conditions and supply constitutes an additional constraint over the speed of the recovery.

"These factors make it virtually impossible for the economy to generate the kind of economic growth that is typical of a recovery year."

Accordingly, then, the "w" scenario continues to make the rounds, even if an increasingly [illegible] body of analysts are sceptical about its relevance. Under such a sequence, the economy would enjoy a short-lived recovery, lurch back into recession as the authorities tighten credit to prevent inflation, and only subsequently see a more sustainable improvement.

So, with the strength and drift of the recovery still a matter of active debate, there is little doubt that this week's June employment figures will be the focus of attention.

Few analysts expect any dramatic improvement – indeed, many suggest the unemployment rate may edge up to 7 or 7.1 per cent. This, the optimists argue, should not be taken as a cause for alarm.

Nevertheless, without any marked improvement in payroll employment, it seems likely the figures will be interpreted as a sign that a tentative recovery is consolidating. A full-blooded revival, it seems, still eludes the US.

Nikki Tait

US MONEY MARKET RATES (%)

	Last Friday	1 week ago	4 wks ago	12-month [illegible]	12-month Low
[illegible] average	8.00	5.69	5.81	[illegible]	2.00
[illegible] Treasury bills	5.70	5.73	5.67	[illegible]	5.53
Six-month Treasury bills	5.91	[illegible]	5.91	[illegible]	5.82
Three-month prime CDs	6.08	[illegible]	5.96	[illegible]	5.86
30-day Commercial Paper	6.00	[illegible]	5.82	[illegible]	5.80
90-day Commercial Paper	6.03	6.00	5.93	[illegible]	5.81

US BOND PRICES AND YIELDS (%)

	Last Fri.	Change on wk	Yield	1 week ago	4 wk. ago
Seven-year Treasury	99¼	+1⅛	8.10	8.16	[illegible]
20-year Treasury	107[illegible]	+[illegible]	8.41	8.51	[illegible]
30-year Treasury	96[illegible]	+1⅛	8.40	8.51	[illegible]

Source: Salomon Bros (estimates).

Money supply: In the week ended June 17, M1 rose by $4.2bn to $860.7bn.

FT/AIBD INTERNATIONAL BOND SERVICE

STRAIGHT BONDS: Yield to redemption of the bid-price. Amount issued is expressed in millions of currency units.
FLOATING RATE NOTES: US dollars unless indicated. Margin above six-month offered rate for US dollars. C.cpn = current coupon.
CONVERTIBLE BONDS: US Dollars unless indicated. Prem = percentage premium of the current effective price of buying shares via the bond over the most recent share price.
WARRANTS: Equity warrant prem = exercise premium over current share price. Bond warrant ex yld = exercise yield at current warrant price.

Closing prices on June 28

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INTERNATIONAL CAPITAL MARKETS

SYNDICATED LOANS

Prospects gloomy as M&A trade declines

BORROWERS in the international capital market can choose from a range of options such as international bonds and shares, syndicated loans, Euro-commercial paper, medium-term note programmes and note issuance facilities.

It is no doubt extremely galling for some – namely the syndicated loan bankers – that business has been so sluggish this year while others – namely those involved in the securities sector – are enjoying something of a beanfeast.

There were 431 syndicated loans and note issuance facilities (NIFs) worldwide in the first six months of 1991 worth $99.74bn, according to figures compiled by International Financing Review (IFR). By comparison, in the second half of 1990 there were 598 loans and NIFs, worth $189.5bn, while in the first half of 1990 there were 761 issues worth $184bn.

In the league table of lead managers and arrangers, Citicorp ranked first with $21.48bn of the syndicated loans and NIFs and a total of 30 issues in the first half of 1991.

Citicorp also came top of the league in the first half of 1990 with 70 issues worth $52bn, but in the second half of 1990, it slipped to fourth place while NatWest topped the league with 68 issues worth $32.2bn.

The reasons for the fall in the number and total size of issues are familiar. Banks [illegible] looking more cautiously at their lending activities because of international capital adequacy requirements agreed by *the Basle Committee*, while a recession in the Anglo-Saxon economies has curtailed some of the corporate desire to borrow further, given that many companies are already highly geared.

Financial Market Trends, an OECD report released last week, points out that while US companies are still borrowing in the syndicated loan market at about the same level as in 1990, their borrowing requirements are at nowhere near the level seen in 1988-89, largely because of the decline in merger and acquisition financing.

Italian borrowers, who were "a major force" in the European syndicated loan market, are borrowing less now – $2.2bn in the first four months of this year, compared with $3.1bn in the same period last year – according to the OECD report.

Prospects for the immediate future seem dismal. Syndicated loan bankers point out that this market has experienced its ups and downs in the past and claim that this has not affected their ability to entice companies back to the syndicated credits market.

However, M&A financings are almost non-existent and top-rated borrowers can raise money more cheaply from other areas of the capital markets.

Many banks are concentrating on refinancings for top-quality borrowers at the moment and the OECD report concludes that "the future pace of overall growth in the international markets will crucially depend upon the volume of demand by borrowers with high credit standing."

One glimmer of hope in the short term is that with the [illegible]clusion of the Gulf war, countries in the Middle East may turn to the syndicated [illegible] in order [illegible] for [illegible] economic reconstruction of the region.

[illegible] far, Saudi Arabia [illegible] negotiated a $4.5bn syndicated loan for general purposes (although the money may go towards paying for the coalition war effort) and Kuwait is also thought very likely to use the *syndicated* loans market.

Sara Webb

EUROMARKET TURNOVER ($m)

Primary Market	Straights	Conv.	[illegible]	Other
[illegible]	[illegible]	214.3	300.8	16,350.8
[illegible]	[illegible]	125.0	346.1	14,939.4
[illegible]	[illegible]	351.2	151.8	6,916.5
[illegible]	[illegible]	216.7	268.4	4,403.2
Secondary Market				
[illegible]	22,135.3	[illegible]	[illegible]	[illegible]
[illegible]	22,653.7	[illegible]	[illegible]	[illegible]
[illegible]	33,906.8	[illegible]	[illegible]	[illegible]
[illegible]	36,134.7	[illegible]	[illegible]	[illegible]

	Cedel	Euroclear	Total
[illegible]	18,204.2	40,696.7	58,900.9
[illegible]	21,002.5	32,500.4	53,502.9
[illegible]	47,234.5	67,420.8	114,655.3
[illegible]	41,288.0	63,182.4	104,470.4

Week to [illegible] 27, 1991. Source: AIBD

INTERNATIONAL BONDS

Eurobonds find the first six months most profitable

THE FIRST six months of this year have been the most profitable period [illegible] intermediaries in the Eurobond market since [illegible] mid-1980s, according [illegible] bankers.

Despite the lull in activity during [illegible] Gulf war, the volume [illegible] new [illegible] grew [illegible] per cent, *from just* [illegible] *in* the first six months of 1990 to $121bn so far this year.

[illegible] *Institutional investors* shifted out of money [illegible] instruments into bonds at the [illegible] of the war, markets rallied and Eurobond yields tightened substantially [illegible] bonds. "All [illegible] came into alignment," said one syndicate manager. "In February and March, you had to be a [illegible] not to [illegible] money."

A [illegible] of fairly priced, negotiated [illegible] – Italy's [illegible] dollar deal and the [illegible] by Belgium's [illegible], for example – did just that. Prof[illegible] by [illegible] trading side, spurred by volatility.

But the market upswing – and the commitment to pricing that was fair to both borrowers and [illegible] – inevitably began to fade. Subsequent Ecu deals, *such as Norway's recent* Ecu1bn offering, [illegible] performed poorly, and certain sec[illegible] *overloaded.*

Corporate borrowers, many of which had been virtually excluded from [illegible] [illegible] credit concerns, were able to return [illegible] the market, but the appetite of continental European investors hungry [illegible] soon [illegible] *the dollar became uncertain.*

"The return of US companies [illegible] borrower-driven *rather than* [illegible]. The only reason they came here rather than in the US [illegible] Eurobond houses were pricing deals aggressively and [illegible] smaller," one banker said.

The market now appears to [illegible] entering a summer lull, [illegible] bond markets in [illegible] period of range-trading, and a number [illegible] banks [illegible] holding substan[illegible] inventory, left [illegible] *deals,* [illegible] they will be keen to offload if there are signs of improvement.

The Eurobond industry has achieved some structural improvements which at least leave [illegible] better positioned to [illegible] move favourably: [illegible] concerted [illegible] restore commissions, through the use of the fixed-price reoffer, has been largely successful, and the diminish[illegible] number [illegible] players [illegible] partly alleviated the industry's chronic overcapacity.

In [illegible] dollar sector, [illegible] per cent [illegible] in volume [illegible] *due to an upturn* [illegible] both equity-linked ($14bn from $7bn) and straight ($22bn from *$15.5bn) bond issuance.*

[illegible] *political commitment* [illegible] a number of European governments to use the Ecu helped fuel the continuing growth of the sector, which also doubled.

The [illegible] *European* Community helped fuel demand for Italian bonds and *Spanish* matador [illegible] interest rates there fall. Vol[illegible] of Lira Eurobonds rose to *$4.75bn equivalent,* [illegible] *$2.5bn. (Matador bonds* classed as international bonds rather than Eurobonds – [illegible] *not recorded in the table.)*

Nomura International, the Japanese securities house, *maintained* [illegible] *lead* [illegible] *the* Eurobond market, with a slightly increased market *share of bookrunning positions* at 10 per cent.

Tracy Corrigan

TOP EUROBOND LEAD MANAGERS

[illegible]	First half of 1991				First half of 1990			
	$bn	[illegible]	%	[illegible]	$bn	Rank	%	[illegible]
Nomura	[illegible]	1	10.23	[illegible]	[illegible]	(1)	[illegible]	48
[illegible]	[illegible]	[illegible]	[illegible]	34	5.06	(2)	[illegible]	25
Paribas	8.80	3	7.29	19	[illegible]	(5)	[illegible]	[illegible]
[illegible]	[illegible]	4	6.84	13	1.99	(14)	2.53	15
[illegible]	6.98	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25
Deutsche Bank	6.28	6	5.20	[illegible]	[illegible]	(3)	6.25	27
Yamaichi	5.[illegible]	[illegible]	4.44	[illegible]	[illegible]	(25)	1.27	[illegible]
SBC	[illegible]	8	3.37	[illegible]	[illegible]	[illegible]	[illegible]	10
[illegible]	4.[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8
Merrill Lynch	[illegible]	10	[illegible]	15	[illegible]	[illegible]	[illegible]	17
[illegible] totals	†121.30			665	78.90			[illegible]

† Preliminary Figures – Full [illegible] to book [illegible]

Source: IFR BONDBASE

EUROBOND ISSUES BY CURRENCY

	1st half 1991			1st half 1990		
[illegible]	Currency	Total raised ($bn)	No. of [illegible]	Rank	Total raised ($bn)	No. of issues
1	US$	37.98	186	1	25.92	[illegible]
[illegible]	Ecu	21.38	47	3	10.69	[illegible]
[illegible]	Sterling	16.06	79	[illegible]	11.66	54
4	[illegible]	13.39	92	4	9.52	128
5	[illegible]	8.88	[illegible]	9	2.43	28
6	D-Mark	8.84	78	[illegible]	9.17	59
7	FFr	5.54	37	[illegible]	3.33	[illegible]
[illegible]	Lira	4.77	28	7	2.54	[illegible]
[illegible]	A$	2.19	33	[illegible]	2.48	47
10	[illegible]	[illegible]	4	10	0.53	4

Source: IFR BONDBASE

NEW INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Book runner	Offer yield %
US DOLLARS							
Mitsubishi Tst.Fin.(b)‡†	[illegible]	2001	10	(b)	101⅞	Salomon Bros.	-
Nippon Denko(e)‡†	[illegible]	1995	4	4	100	Yamaichi Int.	4.000
Asahi Glass Co.(d)‡†	[illegible]	[illegible]	7	5½	100	Yamaichi Int.	[illegible]
DSL Bank†	[illegible]	1993	[illegible]	7½	[illegible]	Nomura Int.	[illegible]
Ryosan [illegible]	100	1995	4	[illegible]	100	[illegible]	4.000
EIB(o)†	500	[illegible]	7	8¾	100	Goldman Sachs	8.750
[illegible]	30	[illegible]	14½	3¼	100	Yamaichi Int.	3.249
[illegible]	200	1995	[illegible]	4	100	[illegible] Europe	4.000
[illegible]	[illegible]	1996	[illegible]	5	100	Nomura Int.	5.000
[illegible] Co.♦	[illegible]	[illegible]	5	5	100	Nomura [illegible]	5.000
[illegible]	220	[illegible]	[illegible]	5	100	Nikko [illegible]	5.000
MBE [illegible]‡†	[illegible]	2001	[illegible]	(s)	102	[illegible] Fin.Int.	-
ECUs							
[illegible]	100	1994	2½	9¼	101⅛	[illegible]	[illegible]
[illegible]	50	[illegible]	[illegible]	10	101⅜	[illegible] Fin.Int.	9.005
[illegible]							
[illegible]	[illegible]	[illegible]	[illegible]	10⅞	[illegible]	Merrill Lynch Int.	10.957
FRENCH FRANCS							
Credit National(m)†	700	1998	[illegible]	9⅝	101.40	[illegible]	[illegible]
D-MARKS							
Hisamitsu Pharm.(a)‡†	100	1995	4	4	100	Nikko Bk GmbH	[illegible]
Asahi Glass(d)‡†	630	1996	[illegible]	[illegible]	100	WestLB	[illegible]
Sankyo Aluminium♦	120	1995	[illegible]	[illegible]	[illegible]	Daiwa Europe GmbH	[illegible]
Ohtsu Tire & Rubber♦	75	1995	4	[illegible]	100	Nomura Bk GmbH	[illegible]
Republic of Finland†	300	[illegible]	7	8½	101⅛	Dresdner [illegible]	8.282
SWISS FRANCS							
Province of Newfoundland†	150	2003	-	7	102	UBS	[illegible]
Fuji Co(c)★★‡†	100	1998	-	3¼	100	[illegible] del Gottardo	[illegible]
Shizuki Electric Co.(f)★★♦	60	[illegible]	-	[illegible]	100	Coutts [illegible] Co.AG	2.750
Meisei Industries Co.(g)★★♦	50	[illegible]	-	2¾	100	Coutts and Co.AG	2.750
Nichiban Co.(h)★★‡†	50	1995	-	2½	100	Credit [illegible]	2.500
Mikasa Coca-Cola(l)★★♦	45	[illegible]	-	2¾	100	Credit [illegible]	2.750
Stamina Foods Inc.(j)★★§	35	[illegible]	-	[illegible]	100	Coutts [illegible] Co.AG	4.000
Gyosei Corp★★†	30	1996	-	7¼	[illegible]	Dai-Ichi Kyo.Bk	[illegible]
North East Fin.of Japan†	220	2001	-	[illegible]	101½	Bque.Paribas (Suisse)	[illegible]
Tenmaya Store Co.(n)★★♦	[illegible]	1995	-	2½	100	Nomura Bk (Switz)	2.500
Matsumoto Key.Corp(p)★★§	[illegible]	1995	-	4	100	SBC	3.997
Nippon Yusoki Co.(r)★★§	50	1996	-	4⅞	100	Nikko Bk (Switz)	4.869
Takashimaya Co.(t)★★♦	100	1996	-	[illegible]	[illegible]	UBS	3.500
[illegible]	50	[illegible]	-	2½	100	Daiwa (Switz)	[illegible]
GUILDERS							
Bk Nederlandse Gemeente†	1bn	[illegible]	12	zero	[illegible]	ABN Amro	8.379
IADB†	250	1998	7	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]							
[illegible]	150bn	[illegible]	3	12⅛	101⅞	[illegible]	11[illegible]
[illegible] Int.Fin.BV†	150bn	1996	5	12	101½	[illegible]	11.686
YEN							
SIF [illegible]	[illegible]	[illegible]	5	7.55	100	Morgan [illegible]	7.550
Trips [illegible]†	4.5bn	[illegible]	4¼	7.4	101⅝	Toyo Trust Int.	6.932
Mand[illegible] Corp†	20bn	[illegible]	7	7½	101.70	Yamaichi Int.	7.183
LUXEMBOURG FRANCS							
Credit National (Paris)	1bn	[illegible]	[illegible]	9⅛	101⅛	BGL	8.679
BFCE★★†	1bn	1994	[illegible]	9¼	101.85	KBL	8.583
Cerinvest BV★★†	500	[illegible]	[illegible]	9¼	101¾	BCEE	8.802
Sparkassen Bikuben(k)★★†	400	[illegible]	[illegible]	9¼	101⅛	BCEE	8.802
[illegible]	500	[illegible]	[illegible]	[illegible]	[illegible]	BGL	8.999
Postipankki†	[illegible]	[illegible]	[illegible]	[illegible]	101⅞	Credit European	8.894
Buhrmann-Tetterode NV★★†	500	1998	5	[illegible]	101.85	BGL	8.951
Lease Plan Hlg.NV★★†	500	1995	4.167	[illegible]	101⅞	KBL	8.902
Accor SA★★†	750	1994	3	9½	[illegible]	BGL	8.850

★★Private [illegible]. ‡Convertible. ‡With [illegible] warrants. [illegible] rate note. ♦Variable rate notes. †Final terms. a) *Exercise premium fixed at* 2.62%. Non-callable. [illegible] Coupon pays 50bp [illegible] Libor. Callable at par, once only, after 3 years. If call not exercised, the coupon will be fixed at [illegible]. [illegible] at 101⅛% [illegible] semi-annually. Exercise premium fixed at 2.62%. d) Exercise premium fixed at 2.5%. [illegible] Callable [illegible] at 102% [illegible]. g) Callable 18/7/92 at 102% declining ½% semi-annually. h) Callable 11/7/93 at 101% declining ½% [illegible]. Exercise [illegible] 2.5%. i) Callable 11/7/94 at 101% declining ½% annually. [illegible] Put [illegible] 28/2/94 at 107% to yield [illegible]. k) [illegible] with [illegible] LFr[illegible] deal. [illegible] callable. l) Callable at any time from [illegible] at 10[illegible] declining 1% per annum to par in [illegible], subject to [illegible] share price [illegible] option [illegible] at [illegible] yield [illegible]%. [illegible] premium [illegible] at 27%. [illegible] with [illegible] FFr1bn deal. Non-callable. n) [illegible] 18/7/[illegible] at 102% [illegible] ½% semi-annually. o) Fees – Selling concession = 10bp. Non-callable. p) Put option 31/3/94 at 107% [illegible] yield 5.42%. q) Fungible with existing Ecu250m. Non-[illegible]. r) Callable [illegible] at 102½% declining ½% semi-annually. [illegible] in 2 tranches: [illegible] coupon pays 6-month Libor + [illegible] for first [illegible] years, then [illegible] thereafter, callable once only, on 12/7/98 at par. Tranche B; [illegible], 6-month Libor + 45bp for [illegible] years, then [illegible] thereafter, callable once only, [illegible] 12/7/99 at par. t) Callable 18/1/93 at 102½% declining ½% semi-annually. u) Global issue. Coupon payable semi-annually. Non-callable. [illegible] Yields are calculated on AIBD basis.

This notice is issued in compliance with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("the London Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any shares.

Listing Particulars relating to Danka Business Systems PLC have been delivered for registration in accordance with Section 149 of the Financial Services Act 1986 to the Registrar [illegible] Companies [illegible] England and Wales.

Application has been [illegible] to the [illegible] of [illegible] London [illegible] Exchange for the issued Ordinary shares of 5p each in Danka Business Systems PLC to be admitted to the Official List. It is expected that dealings will commence on the Official List on Monday, 1 July 1991.

DANKA

DANKA BUSINESS SYSTEMS PLC

(Incorporated in England under the Companies Acts 1948 to [illegible] [illegible] 1101386)

(formerly American Business Systems PLC)

INTRODUCTION TO THE OFFICIAL LIST

[illegible] BY

COUNTY NATWEST WOOD MACKENZIE & CO. LIMITED

SHARE CAPITAL

Authorised			Issued and fully paid	
[illegible]	Amount		Number	Amount
[illegible]	[illegible]	Ordinary shares of 5p each	37,750,414	[illegible]

Danka Business Systems PLC, through its operating subsidiary Danka [illegible] Inc., is a [illegible] and [illegible] of [illegible] equipment and supplies in the US.

Copies of the Listing Particulars relating to the above mentioned shares are included in the Companies Fiche Service available from the London Stock Exchange.

Copies of the Listing Particulars may be obtained during normal office hours, for the next two business days, from the London Stock Exchange Company Announcements Office, [illegible] Finsbury Square, London EC2A [illegible] (by collection only), and on any weekday (Saturdays and public holidays excepted) up to and including [illegible] July 1991 from:

County NatWest Wood Mackenzie & Co. Limited
135 Bishopsgate
London EC2M 3XT

Danka Business Systems PLC
40 George Street
London W1H 5RE

1 July 1991

KLEINWORT BENSON SELECT FUND SICAV
Registered office: Luxembourg, 14, rue Aldringen
Commercial Register: Luxembourg Section B 28.138

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of Kleinwort Benson Select Fund, Sicav will be held at its registered office at Luxembourg, 14, rue Aldringen on July 9th, 1991 at 15 hours for the purpose of considering and voting upon the following matters:

1. To hear and accept:
   a) the Chairman's Statement
   b) the Report of the Auditor
2. To approve the statement of net assets and liabilities and the statement of operations for the year ended March 31st, 1991 and to consider declaration of dividend
3. To discharge the Directors and the Auditor with respect to their performance of duties during the year ended March 31st, [illegible]
4. To elect the Directors to serve until the next Annual General Meeting of Shareholders
5. To elect the Auditor to serve until the next Annual General Meeting of Shareholders.
6. Any other business.

The Shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

In order to take part at the statutory meeting of July 9th, 1991, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, with the following bank: Banque Générale du Luxembourg S.A.
14, rue Aldringen
Luxembourg

The Board of Directors

National Home Loans Blue Chip Interest Rate

for the period from 1st July to 30th September, 1991 is:

FOR HOME PURCHASE
[illegible] 1st APRIL 1991 [illegible] APR 13.1%
[illegible]
COMPLETED AFTER 1st APRIL [illegible] [illegible] APR 13.7%

FOR REFINANCING [illegible] APR 13.7%

For further information contact:
National HomeLoans
The National Home Loans Corporation plc
51 Homer Road, Solihull, West Midlands B91 3QJ.

[illegible] Warrantholders [illegible]

IWATANI INTERNATIONAL CORPORATION

given on 26th June, 1991
[illegible] be partly [illegible] follows:

"Warrants (the "First Warrants")
to subscribe for Shares of common stock of
Iwatani International Corporation [illegible]
U.S. $100,000,000
[illegible] per cent. Guaranteed Notes 1992 [illegible] of [illegible]"
(other parts remain unchanged)

IWATANI [illegible]
By: THE SANWA [illegible]
as [illegible] Agent and
[illegible] Agent

Dated: 1st July, 1991

Kleinwort Benson

Kleinwort Benson Private Bank is pleased to announce that with effect from 1st July [illegible] the Mortgage Management Account interest rate will reduce to 12.35% per annum, the *mortgage base rate and base rate applicable to clients of* Clerical Medical Investment Group mortgage schemes will be 12.45% per annum.

IG INDEX

TELEPHONE: [illegible] 7233 AFBD MEMBER

FTSE 100	WALL STREET
[illegible] 2511/2521 -54	July 2904/2916 -33
[illegible] -54	Sept 2913/2925 -33

5pm Prices. Change [illegible] previous [illegible]

HOW WELL DID YOU JUDGE THE MARKET?

MEMBER SFA

FUTURES AND FOREIGN EXCHANGE
24 HOUR COVERAGE

CAL Futures Ltd
Windsor House
50 Victoria Street
London SW1H 0NW
Tel: 071-799 2233
Fax: 071-799 1321

THE STARS PROGRAMME
STARS 1 PLC
£475,000,000 Class A Floating Rate
Mortgage Backed Securities 2029

Notice is hereby given that the Rate of Interest has been fixed at 11.725% and that the interest payable on the relevant Interest Payment Date September 27, 1991 against Coupon No. 3 in respect of £10,000 nominal of the Notes will be £295.53.

July 1, 1991, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANK

SUMITOMO FINANCE INTERNATIONAL

is pleased to announce that
with effect from 1st July, 1991
it will become incorporated in the United Kingdom
as

Sumitomo Finance International Limited

Issued and Fully Paid Share Capital of £50,000,000

107 Cheapside
London EC2V 6DT

Telephone: 071-606 3001
Telex: 8811043 SUMFIN G
Facsimile: 071-606 4615

Equities:	071-606 4399	Sales & Trading:	071-606 5645
New Issues:	071-600 4521	Special Products:	071-606 3066
Options:	071-600 2872	Swaps:	071-600 0265

Sumitomo [illegible] International Limited is a wholly [illegible] subsidiary of The Sumitomo Bank, Limited and a [illegible] of SFA & IMRO

WORLD STOCK MARKETS

AUSTRIA
[illegible]

BELGIUM/LUXEMBOURG
[illegible]

DENMARK
[illegible]

FINLAND
[illegible]

FRANCE
[illegible]

FRANCE (continued)
[illegible]

GERMANY
[illegible]

GERMANY (continued)
[illegible]

ITALY
[illegible]

NETHERLANDS
[illegible]

NORWAY
[illegible]

SPAIN
[illegible]

SWEDEN
[illegible]

SWEDEN (continued)
[illegible]

SWITZERLAND
[illegible]

SOUTH AFRICA
[illegible]

JAPAN
[illegible]

AUSTRALIA (continued)
[illegible]

AUSTRALIA
[illegible]

HONG KONG
[illegible]

MALAYSIA
[illegible]

SINGAPORE
[illegible]

Price data supplied by [illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO
4:00 pm prices June 28

Quotations in cents unless marked $

[illegible]

MONTREAL
4:00 pm prices June 28

[illegible]

Total Sales 10,669,500 shares

INDICES

NEW YORK

DOW JONES	June 28	June 27	June 26	June 25	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2906.75	2934.93	2913.01	2910.11	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.21	94.24	94.06	94.07	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1151.45	1150.56	1146.69	1143.86	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	196.97	199.20	197.81	197.25	220.89 (16/4)	196.87 (28/6)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2934.03 (2946.56) Low 2879.25 (2909.21)

STANDARD AND POOR'S	June 28	June 27	June 26	June 25	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	371.16	374.40	371.59	370.65	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	442.06	446.38	433.17	442.22	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	28.98	29.20	29.09	28.99	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	203.47	204.94	203.54	203.21	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	358.12	359.43	358.54	358.59	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	475.92	476.24	473.08	473.30	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	June 21	June 14	June 7	year ago (approx.)
Dow Industrial Div. Yield	3.07	3.03	3.05	3.67

	Jun 26	Jun 19	Jun 12	year ago (approx.)
S & P Industrial div. yield	2.83	2.80	2.79	2.96
S & P Indl. P/E ratio	18.68	18.85	18.91	16.95

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Compaq	2,226,600	31¼	+ 1⅛
Chase Manhtn.	2,082,800	16¼	- 1⅛
Saatchi & S.	2,028,900	⅝	—
Alld. Signal	1,876,200	33¼	- ⅛
IBM	1,768,800	97¼	- ½
Pepsico	1,729,800	28⅝	- ¼
Philip Morris	1,640,500	63½	- ⅜
Businessland	1,617,600	1	—
[illegible]	1,507,800	24	+ ⅛
[illegible]	1,463,800	16¼	- 1⅛

TRADING ACTIVITY

† Volume (Millions)	June 28	June 27	June 26
New York SE	162,670	155,020	186,330
Amex	12,721	9,291	11,347
NASDAQ	(u)	138,909	136,477

NYSE	June 28	June 27	June 26
Issues Traded	2,056	2,043	2,039
Rises	659	938	688
Falls	915	577	856
Unchanged	482	528	495
New Highs	19	20	19
New Lows	31	16	39

CANADA

TORONTO	Jun 28	Jun 27	Jun 26	Jun 25	1991 HIGH	1991 LOW
Metals & Minerals	[illegible]	[illegible]	3181.36	3161.77	3284.18 (5/3)	2632.06 (9/1)
Composite	[illegible]	[illegible]	3481.13	3478.69	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	[illegible]	1844.53	1845.31	1838.72	1903.86 [illegible]	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's [illegible] and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	June 28	June 27	June 26	June 25	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1506.2	1500.9	1506.9	1499.8	1598.3 (29/4)	1284.5 (16/1)
All Mining (1/1/80)	656.6	652.3	654.4	652.1	680.1 (29/4)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	480.77	494.32	504.29	504.89	534.81 (16/4)	398.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1162.59	1159.86	1160.32	1158.95	1212.15 (17/4)	937.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	[illegible]	[illegible]	367.76	367.04	[illegible] (20/6)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	974.9	971.9	986.5	985.9	1186.9 (8/4)	898.5 (28/1)
FRANCE						
CAC General (31/12/82)	470.77	470.32	473.42	471.44	494.95 (12/6)	394.08 (15/1)
CAC 40 (31/12/87)	1747.62	1767.99	1780.52	1775.53	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	682.47	701.04	706.51	712.29	[illegible] (17/6)	578.40 (15/1)
Commerzbank (1/12/53)	1923.2	1978.1	1991.6	2006.8	2035.2 (31/5)	1622.5 (15/1)
DAX (30/12/87)	1622.18	1666.09	1672.14	1691.47	1715.80 (11/6)	1321.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3640.64	3629.79	3634.64	3604.26	3917.09 (20/5)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1346.00	1352.54	1355.74	1354.63	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	586.21	586.87	589.63	582.97	619.38 (3/6)	486.26 (15/1)
JAPAN						
Nikkei (16/5/49)	23290.96	23563.03	23766.38	2390[illegible]	27146.91 (18/3)	22442.78 (16/1)
Tokyo SE (Topix) (4/1/68)	1819.01	1832.10	1847.84	185[illegible]	2028.85 (18/3)	1625.88 (17/1)
2nd Section (4/1/68)	3237.17	3258.93	3267.43	32[illegible]	3423.45 (10/5)	2473.52 [illegible]
MALAYSIA						
KLSE Composite (4/4/86)	618.49	622.49	624.88	[illegible]	655.02 (29/5)	476.41 (16/1)
NETHERLANDS						
CBS TtlRtn Gen.(End 1983)	277.2	277.6	276.1	[illegible]	284.8 (3/6)	221.4 (16/1)
CBS All Shr (End 1983)	197.5	197.8	196.7	[illegible]	203.1 (5/6)	162.5 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	756.79	759.94	763.43	767.68	792.13 (4/6)	618.65 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1059.26	1042.32	1048.88	1024.60	1183.40 (29/5)	[illegible] (18/1)
SINGAPORE						
SES All-Singapore (2/4/75)	402.15	403.14	404.51	403.27	422.43 (26/4)	315.02 (14/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1374.06	1351.0	1372.0	1329.0	1436.0 (10/6)	971.0 (25/2)
JSE Industrial (28/9/78)	3817.09	3797.0	3804.0	3822.0	3911.0 (28/6)	2020.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	602.60	602.61	597.60	595.21	697.52 (4/2)	590.97 (22/6)
SPAIN						
Madrid SE (30/12/85)	[illegible]	278.35	278.88	278.08	291.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	[illegible]	1130.2	1129.2	1125.6	1237.8 (19/6)	[illegible]
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	740.9	744.2	749.8	753.1	766.1 (31/5)	590.4 (14/1)
SBC General (1/4/87)	615.0	617.6	620.7	621.2	630.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price [illegible]	5900.70	5931.26	6023.18	5872.74	[illegible]	3926.26 (25/1)
THAILAND						
Bangkok SET [illegible]	[illegible]	766.00	769.49	749.82	908.13 [illegible]	592.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	484.9*	489.6	489.3	489.8	509.2 (17/4)	420.1 (16/1)

**Saturday June 22: Taiwan Weighted Price: 6132.73 Korea Comp Ex. 590.57.
[illegible] recalculation. *Calculated at 15.00 GMT.
[illegible] indices are [illegible] BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, [illegible] 264.3 [illegible] All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Friday 28 June 1991

	Stocks Traded	Closing Prices	Change on day
Chiyoda	8.0m	2,080	-280
Nippon Steel	5.8m	406	-2
Mitsubishi Heavy	5.6m	702	+2
Akai Elect.	4.8m	1,250	-60
Kitano Constr.	3.9m	1,790	+40
Nomura Secs.	3.9m	1,810	-60
Nippon Carbon	[illegible]	794	-36
Hitachi	[illegible]	1,100	0
Kawasaki Heavy	[illegible]	586	-10
Clarion	[illegible]	973	+1

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Brussels	+32 2	5132816	5110472
Copenhagen	+45 33	134441	[illegible]
Frankfurt	+49 69	7598101	722677
Geneva	+41 22	7311604	7319481
Helsinki	+358 0	6940417	6949498
Lisbon	+35 11	808284	804579
Madrid	+34 1	5770909	5776813
New York	+1 212	7524500	3082397
Paris	+33 1	42970623	42970629
Tokyo	+81 3	32951711	32951712
Stockholm	+46 18	552312	552312
Vienna	+43 1	5053184	5053176
Warsaw	+48 22	489787	489787

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are [illegible] on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To [illegible] your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

[illegible] the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to [illegible] and administrative costs, including [illegible] to intermediaries. This charge is [illegible] price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that [illegible] normally deal on the price set on [illegible] valuation. The prices shown are the [illegible] publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071–379–0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

Unit Name	Init Charge	Canc. Price	[illegible]	Offer Price	Yield Gr's	City-line
American ♥	5	302.1	302.1	322.1	1.33	41410
(Accum Units) ♥	5	353.4	[illegible]	376.8	1.33	41411
British	5	774.6	[illegible]	819.5	6.06	41416
(Accum Units)	5	1240.1	[illegible]	1312.0	6.06	41417
European	5	323.9	[illegible]	347.8	1.53	41418
(Accum Units)	5	347.2	[illegible]	372.8	1.53	41419
Japan	5	123.3	[illegible]	131.0	—	41420
(Accum Units)	5	124.2	[illegible]	132.0	—	41421
New Pacific	5	173.1	[illegible]	184.1	1.96	46365
(Accum Units)	5	177.2	[illegible]	188.5	1.96	47954
PEP June 26 ♦	5	130.3	[illegible]	140.5	3.59	47598
Mngd Equity	5	120.6	[illegible]	129.4	3.59	47596
Mngd Equity Acc	5	124.8	[illegible]	133.9	3.59	40006
Mngd Cash	5	97.40	[illegible]	102.2	11.58	47595
(Accum Units)	5	112.8	[illegible]	118.4	11.58	40267
Mngd Fxd Int Acc June 25	5	120.3	[illegible]	127.3	6.56	42132
Majority Stlg	1	101.35	[illegible]	102.35	10.97	42703
Majority Stlg Acc	1	104.18	[illegible]	105.21	10.97	46609

Storebrand Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

International June 14	0	51.62	51.62	51.99	[illegible]	[illegible]

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Sun Alliance House, Horsham 0403 56293

Equity	6	572.2	579.8	620.1	3.54	41423
North America	6	79.26	80.08	85.65	1.04	41424
Far East	6	96.79	97.80	104.6	0.96	41425
W'wide Bond	6	47.59	47.72	50.77	5.90	41426
W'wide Fixd (Sep)	6	36.46	36.46	38.64	9.20	41427
W'wide Tech (Sep)	6	43.41	[illegible]	46.00	9.20	41428
European	6	66.11	[illegible]	71.13	1.44	41429
Equity Income	6	66.22	[illegible]	71.84	5.22	41430
Portfolio	6	57.38	57.94	61.97	2.40	41431

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basing View, Basingstoke, Hants 0800 525725

American Growth	6	26.49	[illegible]	[illegible]	[illegible]	47748
Managed Assets	6	101.36	[illegible]	[illegible]	[illegible]	46062
UK Income	6	32.14	[illegible]	[illegible]	[illegible]	41432
UK Growth	6	31.80	[illegible]	[illegible]	[illegible]	41433
Worldwide Growth	6	24.23	24.23	[illegible]	[illegible]	41434

Sun Life Trust Mngmt Ltd [illegible]
101, Cannon St, London EC4N 5AD
Admin & Enq: 071-606 4044 Dealing: 071-606 6010

Master Portfolio	5¼	34.93	34.93	37.36	1.90	41435
Amer Growth Acc	5¼	45.34	45.34	48.49	0.68	41436
Cap Protector Acc	5¼	32.99	32.99	35.28	4.81	41439
Cap Protector Inc	5¼	29.63	29.63	31.69	4.81	41440
Euro Growth Acc	5¼	58.86	58.86	62.88	0.68	41441
Far East Gwth Acc	5¼	80.65	80.65	86.26	1.02	41444

Edinburgh Fund Mngrs PLC

	Bid Price	Offer Price	Yield Gross	City-line
Exempt Funds				
American June 28	[illegible]	163.0	[illegible]	40368
Managed June 28	[illegible]	147.1	[illegible]	40369
Japan June 28	[illegible]	123.4	[illegible]	40370
Sm Jap Cos June 28	[illegible]	623.9	[illegible]	40372

Fidelity Investment Services Ltd

Mngd Pens P'folio	127.8	132.0	3.74	[illegible]

Robert Fleming Asset Mngmt Ltd

Am Exempt	£474.40	481.40	[illegible]	[illegible]
Gen Exempt	£127.69	130.56	[illegible]	[illegible]
Jap Exempt	£490.69	498.37	[illegible]	[illegible]
Pacific Exempt	£102.65	104.82	[illegible]	[illegible]
Cont'l Euro Exempt	£97.81	99.75	[illegible]	[illegible]
Indexed Exempt June 27	£123.05	126.11	[illegible]	[illegible]
Amer Index Exmt June 27	£105.14	106.19	[illegible]	[illegible]
Japan Index Exmt June 27	£66.23	67.57	[illegible]	[illegible]
Euro Index Exmt June 27	£97.28	99.24	[illegible]	[illegible]
O'seas Index Exmt June 27	£100.44	102.65	[illegible]	[illegible]

Funds in Court*

Capital June 19	497.29	500.94	2.45	[illegible]
Gross June 19	176.58	177.97	10.96	[illegible]
High Yield June 19	290.78	293.12	7.03	40507

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	51.39	52.47	3.96	40676

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1257.0	1314.0	—	46964
Mngd Pens (Acc)	67.0	71.4	—	41007

Lazard Brothers & Co. Ltd

Property Jan 3	£2360.0	2675.0	6.00	40777
Inc Gth Prp Apr 16	£1325.0	1460.0	7.20	40778

Lazard Investors Ltd
Exempt Funds

Small Co's June 28	£3633.4	3700.3	4.51	[illegible]
European June 28	£535.7	541.0	2.23	[illegible]
American June 28	£361.1	364.9	1.96	[illegible]
Far Eastern June 28	£564.6	574.8	1.15	[illegible]
Australian June 28	£145.1	149.3	3.29	[illegible]
Ridings June 13	£43.6	45.6	3.28	[illegible]
Northumbria June 12	£137.5	145.9	2.98	[illegible]
North West June 12	£214.1	229.7	3.77	[illegible]
East Coast June 14	£22.1	22.9	3.94	[illegible]
W Midlands May 31	£144.10	160.9	1.93	[illegible]

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

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	Bid Price	Offer Price	Yield Gross	City-line
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	104.5	120.0	–	43924
Pension Managed Fd	100.9	106.2	–	43926
Life Deposit Fd	107.7	113.3	–	43925
Pension Deposit Fd	113.8	128.9	–	43925
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395599				
Life Funds				
Managed Cautionary	111.4	117.3	–	47150
Managed Growth	140.7	148.2	–	47151
Managed Opportunity	143.5	151.1	–	47152
NFMC Target Financial	99.7	105.0	–	47153
Pension Funds				
Managed Cautionary	121.7	128.2	–	47154
Managed Growth	149.0	156.9	–	47155
Managed Opportunity	143.8	151.4	–	47156
NFMC Target Mngd Pen	1496.6	1575.6	–	47157
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Investor Pension Funds				
Managed	160.6	169.1	–	43341
UK Equity	165.3	174.1	–	43135
Overseas Equity	140.6	148.0	–	43136
Fixed Interest	141.8	149.3	–	43137
Property	127.9	134.7	–	43138
Index Linked	146.5	154.3	–	43139
Deposit	157.5	165.8	–	43140
With Profits (B)	129.2	136.0	–	44128
National Provident Institution				
48 Gracechurch St, London EC3P 3HR 071-623 4200				
Managed	345.3	363.5	–	43163
UK Equity	426.9	449.4	–	43164
Overseas Eq.	348.0	366.4	–	43165
American	286.9	302.1	–	43166
Far East	378.2	398.0	–	43167
Property	190.4	200.5	–	43168
Fixed Int.	256.5	270.0	–	43169
Indexed Gilt	153.7	161.8	–	43170
Deposit	182.4	192.1	–	43171
Pension Fund (Accum Units)				
Managed	491.9	517.8	–	43173
UK Equity	569.3	599.3	–	43175

	Bid Price	Offer Price	Yield Gross	City-line
Prosperity Life Assurance Ltd				
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555				
Initial Equity	147.5	155.5	–	42995
Accum Equity	211.0	223.0	–	43005
Accum Managed	221.5	234.0	–	43006
Accum Five Star	170.0	179.5	–	43011
Accum World	123.0	130.0	–	43013
Accum Lifetime	108.8	108.8	–	47159
Pens Acc Equity	226.5	239.0	–	43025
Pens Acc Managed	276.0	291.0	–	43026
Pens Acc Intl	213.0	225.0	–	43027
Pens Acc Deposit	199.5	211.0	–	43029
Pens Acc Five Star	186.5	197.0	–	43031
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	218.3	230.3	–	43411
UK Fixed Int Acc	171.8	181.5	–	43412
Intl Equities Acc	178.9	188.8	–	43413
UK Managed Acc	170.7	180.0	–	43414
Property Acc	224.2	236.5	–	43415
Money Acc	129.5	136.7	–	43416
Special Market Acc	142.2	150.1	–	43417
Japan Equity Acc	106.4	112.3	–	46760
North American Acc	110.6	116.7	–	43419
Pacific Acc	98.1	103.5	–	43420
Technology Acc	124.9	131.8	–	43421
Nat Resources Acc	62.4	65.9	–	43422
European Acc	102.0	107.6	–	43424
Residential Prop Acc	96.2	101.5	–	43425
Swiss Equities Acc	34.8	36.9	–	43426
Hong Kong Acc	67.4	72.2	–	43427
UK High Inc Eq Acc	71.0	74.9	–	43428
Int Fixed Interest Acc	57.0	60.[illegible]	–	46406
Int Managed Acc	57.0	60.[illegible]	–	46407
HIP Managed Acc	116.3	122.6	–	46751
HIP Managed II Acc	99.3	104.7	–	41928
HIP Managed III Acc	105.9	111.7	–	45881
Total Investment Bond				
UK Equity Initial		148.6	–	43429
UK Fixed Int Initial		117.1	–	43430
Intl Equities Initial		121.1	–	43431
UK Managed Initial		116.4	–	43432
Property Initial		153.9	–	43433
Money Initial		88.8	–	43434
Special Market Initial		110.6	–	43435
Japan Equity Initial		82.8	–	46762
North American Initial		85.9	–	43437
Pacific Initial		75.3	–	43438
Technology Initial		97.1	–	43439
Nat Resources Initial		48.5	–	43440
European Initial		91.5	–	43442
Residential Prop Init		92.0	–	43443

	Bid Price	Offer Price	Yield Gross	City-line
Royal Heritage Life Assurance Ltd—Contd.				
MIM Britannia				
European Smaller	126.4	133.1	–	43647
US Smlr Co's	120.5	[illegible]	–	43650
Extra Inc	138.7	[illegible]	–	43652
Sth & East Asia Gwth	188.2	[illegible]	–	43653
Gold	94.5	[illegible]	–	43655
Inc Growth	251.4	[illegible]	–	43656
Japan Perf	239.3	[illegible]	–	43659
Japan Smlr Cos	217.5	[illegible]	–	43660
Nat High	[illegible]	[illegible]	–	43661
Prop Shares	[illegible]	[illegible]	–	43662
Smaller Cos	[illegible]	[illegible]	–	43663
Man Growth	[illegible]	[illegible]	–	43666
Gilt	[illegible]	74.9	–	43667
Gartmore Funds				
American	[illegible]	178.2	–	43671
British	[illegible]	267.0	–	43673
European	[illegible]	178.7	–	43675
Extra Inc	[illegible]	199.9	–	43676
Frontier Markets	[illegible]	132.2	–	43678
Intl Fixed Interest	[illegible]	93.8	–	43679
Gold Intl Resources	56.0	59.0	–	43681
High Inc	248.2	261.3	–	43683
Hong Kong	166.6	175.4	–	43684
Income	307.8	324.0	–	43685
Japan	333.0	350.6	–	43686
UK Smlr Cos	263.3	277.2	–	43689
Man Gth	329.3	346.7	–	43690
Global Inc & Gwth	120.6	127.0	–	43691
Worldwide Recovery	98.6	103.8	–	43692
European Select Opps	132.8	139.8	–	43695
Pacific Growth	166.1	174.9	–	43697
Perpetual Funds				
International Growth	[illegible]	[illegible]	–	43700
Income	[illegible]	[illegible]	[illegible]	[illegible]
American Growth	[illegible]	[illegible]	[illegible]	[illegible]
Intl Emerging Cos	[illegible]	[illegible]	[illegible]	[illegible]
Far East Growth	[illegible]	[illegible]	[illegible]	[illegible]
European	[illegible]	[illegible]	[illegible]	[illegible]
Managed	[illegible]	[illegible]	[illegible]	[illegible]
TSB Funds				
Income	112.8	[illegible]	–	43713
Managed	135.2	[illegible]	–	43718
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS 051-239 3000				
Royal Shield Fd	683.9	723.7	–	43812
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	[illegible]	290.9	–	43813
Equity Fund	[illegible]	403.4	–	43814
Property Fund	[illegible]	239.5	–	43815
International Fund	[illegible]	353.6	–	43816

	Bid Price	Offer Price	Yield Gross	City-line
Shield Assurance Ltd				
40 Uxbridge Rd, W5 2SS 081-567 0700				
Gartmore Mngd	123.2	129.6	–	43997
Framlington Mngd Life	96.7	101.7	–	47108
Henderson Mngd Life	92.8	97.6	–	47109
Brunel Life	116.5	122.6	–	46755
Secure Life	114.6	120.6	–	43999
Gartmore Pens Mngd.	128.7	135.4	–	43998
Skandia Life Assurance Co Ltd (z)				
Skandia Hse, Portland Terr, Southampton 0703 334411				
Skandia Price Line 0800 181396				
Skandia Life Managed Funds				
Balanced Managed	280.3	295.0	–	44001
Cautious Managed	106.1	111.6	–	44448
Deposit	224.9	236.7	–	44006
Equity	324.9	341.9	–	44002
International	259.4	273.0	–	44003
Intl Recovery	189.2	199.1	–	44009
Index Linked Gilt	101.7	107.0	–	47524
Gilt Plus	235.7	248.1	–	44004
North American	154.8	162.9	–	44007
North European	243.2	255.9	–	44008
Pacific	190.4	200.4	–	44010
Property	215.2	226.5	–	44005
Amer Index Monitor	127.3	133.9	–	47169
Euro Index Monitor	109.8	115.5	–	47170
Intl Index Monitor	94.1	99.0	–	47171
Japan Index Monitor	68.8	72.4	–	47172
Tiger Index Monitor	97.9	103.0	–	47821
UK Index Monitor	114.4	120.4	–	47173
Unit Trust Life Managed Funds				
Abtrust Managed	92.2	97.0	–	41415
Baring Managed	102.1	107.4	–	47184
CU Managed	180.6	190.1	–	44161
Fidelity Managed	135.6	142.7	–	44031
Framlington Managed	169.1	178.0	–	44044
Gartmore Managed	186.6	196.4	–	44074
Henderson Managed	186.2	196.0	–	44109
James Capel Mngd	106.4	112.0	–	45750
Kleinwort Benson Mngd	115.8	121.8	–	46434
Martin Currie Mngd	110.6	116.4	–	45759
MIM Britannia Managed	149.7	157.5	–	44141
Morgan Grenfell Mngd	103.7	109.1	–	45787
Murray Johnstone Managed	101.2	106.5	–	47196
Perpetual Managed	143.4	150.9	–	44151
Schroder Managed	92.5	97.3	–	47120
TSB Managed	163.4	172.0	–	44173
Skandia Pension Managed Funds				
Balanced Managed	408.5	429.9	–	44174

	Bid Price	Offer Price	Yield Gross	City-line
CMI Insurance Co Ltd—Contd.				
Nordic Equity	ECU 4320	0.4650	–	44860
Benelux Equity	ECU 4440	0.4780	–	44995
Dollar Funds				
Antipodean Equity	$0.5410	0.5820	–	45317
Canadian Equity	$0.4570	0.4920	–	46336
Japanese Equity	$0.4940	0.5320	–	45319
US Equity	$0.4560	0.4910	–	46337
SE Asia Equity	$0.5510	0.5930	–	45425
US Bond	$0.4700	0.5060	–	45498
Japan Bond	$0.4340	0.4670	–	45502
US$ Currency Reserve	$0.4750	0.5110	–	45883
Eagle Star Intl Financial Services				

	Bid Price	Offer Price	Yield Gross	City-line
ECU Futures Plc				
ECU Omega Funds	152.0		–	43354
ECU Royden	122.0		–	44713
Edinburgh Money Management Ltd				
41a Charlotte Square, Edinburgh EH2 4HQ 031 220 1244				
Select Portfolio	28.5	30.01	–	46833
Fairmount Financial Services Ltd				
Fairmount Hse, Bell Hill, Leatherhead 0372 370000				
Secure	105.6		–	43081
Growth	102.8		–	42702
Gartmore Fund Managers Ltd				

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Hambros Fd Mgrs (CI) Ltd						
PO Box 255, Guernsey 0481 715454						
EMMA Managed	4	£5.7192	5.7192	5.9584	7.07	46136
EMMA £ Bond	4	£4.7144	4.7144	4.9238	10.18	46137
EMMA $ Bond	4	$25.724	25.724	26.838	6.93	46138
EMMA Australian Bond	4	A$25.497	25.497	26.520	14.39	46139
EMMA C$ Bond	4	C$25.241	25.241	26.328	8.21	46141
EMMA Yen Bond	4	Y2,450	2,450	2,558	6.34	46142
EMMA Cont Eur Bond	4	[illegible]	46.064	48.065	7.50	46143
EMMA £ Money	4	£10.614	10.614	11.050	11.08	45207
EMMA $ Money	4	$15.339	15.339	15.952	5.05	45208
EMMA Cont Eur Money Z	4	[illegible]	50.195	52.202	8.28	45209
EMMA Sp Mgd Money Mkt	4	[illegible]	5.1042	5.3126	10.73	40410

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

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CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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U.S. Treasury Securities Fund Ltd

	Offer Price			
Short Term Shares	$768.33		–	45903
Fixed Income Shares	$888 15		–	45904

Yamaichi Capital Mangmt (Guernsey) Ltd

Japan Meta Growth	$10.14		–	46000
Yamaichi ISS Fund	$7 58		–	46591
Yamaichi CB Plus Fund	$8 06		–	47335
Thai Inv Fund	$10.30		–	46493
Yamaichi OTC Equity	$9.72		–	47326

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (a)
29 Kildare Street, Dublin 010 353 1760 630

	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
GAM Universal US Dlr Acc	$–	108.73				40337
GAM Universal US Dlr Inc	$–	108.73				40340
GAM Universal DM Acc	DM–	119 87				40341
GAM Universal DM Inc	DM–	119 87				40342

MI Global Asset Mngmt Co Ltd "MI Trusts"

MI Global Dollar	$–	0 97	1.03			43441

IRELAND (REGULATED)(**)

Ireland Unit Managers Ltd

	Bid Price			
EquityAmerica	$11.72	12.44	–	46343
EquityEurope	$9 43	[illegible]	–	46346
BondAmerica	$10.48	[illegible]	–	46357
BondEurope	$9 34	[illegible]	–	46348
BondJapan	$10.00	[illegible]	–	46360
World Inv Trust	$10 77	[illegible]	–	46368
Opportunity Europa	$11.05	11.72	–	46364

Baring International Fd Mngrs (Ireland) Ltd

Australia	$15.20	15.96	1.05	44759
Japan Tech	$64.79	68 03	–	44762

John Govett – Contd.

Unit Name	Init Charge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Far East Equity	5½	$10.74	10.74	10.84	1.0	47288
US Smaller Cos	5½	$12.14	12.14	12.36	1.0	47289
European Equity	5½	[illegible]	13.85	14.00	2.0	47290
UK High Income	5	£4.78	4.78	4.80	10.7	47291
UK Equity	5½	£4.71	4.71	4.76	3.0	47292

Initial charge may alter [illegible] sales in other jurisdictions

Hill Samuel Fund [illegible] (Jsy) Ltd (1000)F
PO Box 63, Bond Street [illegible], Jersey 0534 76029

INVESCO MIM International (Jersey) Ltd
PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.
PO Box 195 St Helier, Jersey 0534 27561
Dealing daily

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 606000

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F
St Helier, Jersey 0534 76077

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

MONEY MARKETS

Pound and rate cuts

Sterling has fallen from third strongest to third weakest member of the European exchange rate mechanism in the last month, but thanks to an accompanying decline in the value of the Spanish peseta it can be argued that there is still ample room to cut UK bank base rates.

UK clearing bank base lending rate 11.5 per cent from May 24, 1991

Until recently the strength of [illegible] peseta was putting [illegible] on the weaker members of [illegible] ERM, particularly the French franc, possibly preventing a reduction in French rates, and leading to some friction between Paris and Madrid.

There was also the threat that the declining pound would at some point leave the UK authorities facing similar problems, but this danger has diminished.

Now that the peseta has come down from its ceiling countries hoping to cut rates can concentrate on the values of their respective currencies against the D-Mark, rather than the peseta. The Spanish currency remains well above all other members of the ERM, but Mr Mariano Rubio, governor of the Bank of Spain, has made it clear that he would like to see the peseta move closer to its central rate.

Sterling has a theoretical floor of DM2.7780 against the D-Mark and is at present trading about 15 pfennigs above that level, but because the peseta has been so strong the pound will hit its lowest permitted level [illegible] Pta 180.59 against the peseta before it reaches DM2.7780. Even at present values sterling cannot go below about DM2.87 without hitting its peseta floor, but as the Spanish currency comes down the pound will be able to move lower against the D-Mark without breaching its agreed trading range.

This should enable the UK authorities to cut base rates as inflation falls without having to worry too much about the ERM.

£ IN NEW YORK

Jun 28	Close	Previous Close
£ Spot	1.6215-1.6225	1.6325-1.6335
1 month	0.76-0.74pm	0.76-0.74pm
3 months	3.48-3.43pm	2.02-1.99pm
12 months	5.72-5.62pm	5.72-5.62pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

Jun 28	Bank of England Index	Morgan Guaranty Changes %
Sterling	89.5	-21.5
[illegible]	68.0	-10.9
Canadian Dollar	107.2	+3.8
Austrian Schilling	108.0	+10.9
[illegible]	109.5	-3.1
[illegible]	106.9	+8.0
D-Mark	115.3	+22.7
Swiss Franc	109.7	+18.5

POUND SPOT - FORWARD AGAINST THE POUND

Jun 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6170 - 1.6300	1.6185 - 1.6195	0.76-0.74cpm	5.56	2.01-1.98pm	4.93
Canada	1.8445 - 1.8580	1.8475 - 1.8505	0.54-0.46cpm	3.24	1.16-1.04pm	2.38
Netherlands	3.3020 - 3.3125	3.3025 - 3.3125	¾-⅝cpm	2.49	1⅝-1½pm	1.84
Belgium	60.20 - 60.55	60.35 - 60.45	15-10cpm	2.48	32-25pm	1.89
Denmark	11.3000 - 11.3590	11.3000 - 11.3100	2⅝-1⅞orepm	2.19	5⅝-4⅛pm	1.70
Ireland	1.0965 - 1.1000	1.0965 - 1.0975	0.15-0.10ppm	1.37	0.30-0.20pm	0.91
Germany	2.9350 - 2.9405	2.9350 - 2.9400	¾-½pfpm	2.55	1½-1¼pm	1.96
Portugal	254.30 - 256.05	254.30 - 255.30	76-110cdis	-4.38	228-295dis	-4.11
Spain	183.55 - 184.60	183.60 - 183.90	14-18cdis	-1.04	45-55dis	-1.09
Italy	2179.85 - 2188.10	2182.00 - 2183.00	1lirepm-par	0.27	par-2dis	-0.18
Norway	11.4175 - 11.4710	11.4175 - 11.4275	½-¼orepm	0.33	2½-1½pm	0.59
France	9.9395 - 9.9745	9.9475 - 9.9575	1½-1¼cpm	1.66	3½-3¼pm	1.33
Sweden	10.5880 - 10.6225	10.6025 - 10.6125	1¼-¾orepm	1.13	1⅛-⅝pm	0.38
Japan	222.75 - 224.75	222.75 - 223.75	¾-⅝ypm	3.70	1⅞-1⅝pm	3.14
Austria	20.62 - 20.69	20.62 - 20.65	4⅝-3½gropm	2.36	11-9½pm	1.95
Switzerland	2.5175 - 2.5325	2.5175 - 2.5275	⅞-⅝cpm	3.57	2¼-1⅞pm	3.17
Ecu	1.4220 - 1.4330	1.4220 - 1.4230	0.21-0.16cpm	1.56	0.40-0.33pm	1.03

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.46-3.41cpm. 12 Month 5.70-5.60cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jun 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6170 - 1.6300	1.6185 - 1.6195	0.76-0.74cpm	5.56	2.01-1.98pm	4.93
Ireland†	1.4715 - 1.4850	1.4740 - 1.4750	0.52-0.47cpm	4.03	1.42-1.32pm	3.72
Canada	1.1405 - 1.1425	1.1415 - 1.1425	0.24-0.27cdis	-2.68	0.71-0.76dis	-2.57
Netherlands	2.0265 - 2.0460	2.0420 - 2.0430	0.51-0.54cdis	-3.08	1.53-1.58dis	-3.05
Belgium	37.05 - 37.40	37.25 - 37.35	8.50-10.50cdis	-3.06	25.50-31.50dis	-3.06
Denmark	6.9490 - 7.0160	6.9800 - 6.9850	1.60-2.10oredis	-3.18	5.35-6.05dis	-3.27
Germany	1.7980 - 1.8170	1.8140 - 1.8150	0.46-0.47pfdis	-3.08	1.35-1.38dis	-3.01
Portugal	157.45 - 157.95	157.50 - 157.60	120-140cdis	-9.90	345-385dis	-9.27
Spain	112.65 - 113.80	113.55 - 113.65	60-66cdis	-6.65	171-179dis	-6.16
Italy	1338.50 - 1352.00	1347.75 - 1348.25	5.80-6.30liredis	-5.39	16.80-17.80dis	-5.13
Norway	7.0100 - 7.0875	7.0525 - 7.0575	2.95-3.25oredis	-5.27	7.35-7.95dis	-4.34
France	6.1000 - 6.1550	6.1450 - 6.1500	1.94-1.98cdis	-3.83	5.52-5.62dis	-3.62
Sweden	6.5030 - 6.5590	6.5500 - 6.5550	2.20-2.45oredis	-4.26	7.10-7.65dis	-4.50
Japan	137.55 - 138.35	137.85 - 137.95	0.19-0.21ydis	-1.74	0.59-0.62dis	-1.75
Austria	12.6650 - 12.7835	12.7500 - 12.7550	3.05-3.50grodis	-3.08	8.80-10.10dis	-2.96
Switzerland	1.5520 - 1.5630	1.5575 - 1.5585	0.24-0.27cdis	-1.96	0.68-0.72dis	-1.80
Ecu	1.1300 - 1.1405	1.1330 - 1.1340	0.39-0.37cpm	4.02	1.14-1.08pm	3.92

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EXCHANGE CROSS RATES

[illegible]	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.619	2.938	223.3	9.953	2.523	3.308	2183	1.850	60.40	1.423
$	0.618	1	[illegible]	137.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37.31	[illegible]
DM	[illegible]	[illegible]	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	13.16	1000.	44.57	11.30	14.81	[illegible]	8.285	[illegible]	[illegible]
F Fr.	[illegible]	1.627	[illegible]	[illegible]	10.	[illegible]	[illegible]	2193	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]	0.733	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

EURO-CURRENCY INTEREST RATES

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

RIGHTS OFFERS

BANK OF ENGLAND TREASURY BILL TENDER

WEEKLY CHANGE IN WORLD INTEREST RATES

FINANCIAL TIMES STOCK INDICES

	June 28	June 27	June 26	June 25	June 24	[illegible] 21	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs.	83.60	83.43	83.45	83.54	83.66	83.79	85.88	[illegible]	127.4	[illegible]
[illegible]	92.95	92.81	92.80	92.82	92.82	92.86	[illegible]	90.59	105.4	50.63
Ordinary	1877.9	1912.0	[illegible]	[illegible]	1921.1	[illegible]	[illegible]	1806.3	2014.5	[illegible]
Gold Mines	206.9	197.5	198.2	195.6	200.7	203.9	[illegible]	127.0	734.7	[illegible]
FT-Act All [illegible]	1161.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	967.46	1238.57	61.92
FT-SE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2545.3	2054.8	2545.3	[illegible]
[illegible] 100	1106.47	[illegible]	1114.79	[illegible]	[illegible]	1141.29	[illegible]	900.45	1165.54	900.45
[illegible] Eurotrack 200	[illegible]	1147.11	[illegible]	[illegible]	[illegible]	[illegible]	1192.11	938.62	1192.11	938.62

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, [illegible] & Co., and County [illegible] in conjunction with the Institute of Actuaries and the Faculty of Actuaries

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES— Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

LONDON SHARE SERVICE

BRITISH FUNDS

BRITISH FUNDS—Contd

(b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for October 1990: 130.3 and for May 1991: 133.5.

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

FOREIGN BONDS & RAILS

Amount £m	[illegible]	[illegible] £	Week % change	Yld	Last xd	Interest Paid	City-line
7	Greek 7pc Ass.	50	......	7.00	1.11	1May 1Nov	2763
4	Do. 6pc 28 Stb. Ass.	58	......	6.00	1.2	1Feb 1Aug	2762
–	Do 4pc Mixed Ass.	50	......	4.00	3.4	1Apr 1Oct	2761
1	Hung. '24 Ass.	55	......	3.57	3.5	1May	2935
40	Hydro Quebec 15pc 2011	124½	0.2	11.82	27.3	31May 30Nov	–

Continued on next page

Nakanogumi Corporation

now

Nakano Corporation

U.S. $40,000,000
5⅝ per cent. Guaranteed Notes 1992 with Warrants

Notice is hereby given to the holders of the above Notes and Warrants that effective 1st July, 1991, Nakanogumi Corporation (the "Company") changes its corporate name to Nakano Corporation.

Neither the Notes nor the Warrants will be stamped nor exchanged and will remain listed on the Luxembourg Stock Exchange under Nakanogumi Corporation followed by the new name of the Company, Nakano Corporation.

All further notices regarding the issue shall refer to both names.

A complementary legal notice as well as the Article of Incorporation of Nakano Corporation have been registered with the Greffe du Tribunal d'Arrondissement de et à Luxembourg.

By: The Mitsubishi Trust and Banking Corporation
as Principal Paying Agent

[illegible] 1st July, 1991

The Republic of Italy

US $300,000,000
Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Interest Amounts payable on the next Interest Payment Date 31st July, [illegible] will be US $338.43 for each US $10,000 [illegible] and US $8,460.52 for each US $250,000 Note.

Agent Bank
Bank of America International Limited

26th June, 1991.

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

AMERICANS

Market Cap. £m	Stock	Price $	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
13,884.1	Abbott Laboratories	32¾	1.6	1.8	10.4	Fb My Ag Nv	1503
156.4	Allegheny & W 1c	301p	-1.0	5.9	–	–	–
964.4	Amdahl 5c	872p	-9.1	0.7	31.1	Mr Mr Jn Ag	–
3,716.9	Amer. Cyanamid $5	39¼	-0.6	2.2	27.2	Mr Je Se De	–
6,627.9	Amer. Express 60c	14½	-2.2	3.9	31.12	Fb My Ag Nv	1594
26,198.1	American T. & T. $1	23¾	3.2	3.3	27.3	Fb My Ag Nv	1597
15,981.6	Ameritech $1	36½	5.8	5.3	28.3	Fb My Ag Nv	–
4,062.1	BankAmerica $1	22⅞	-2.8	3.1	16.5	Fe My Sp De	1744
2,451.8	Bankers N Y. $1	38½	-7.3	9.5	27.9	Ap Jly Oc Jan	1745
11,492.7	Bell Atlantic $1	29½	5.0	5.1	4.7	Fe My Au No	–
14,538.9	BellSouth Corp.	30½	5.2	5.4	5.4	Fe My Au No	–
768.1	Bethlehem Steel $8	16¾	....	2.3	6.2	Mar Jun S D	1821
617.2	Bowater Inc.	1721p	-3.3	4.1	6.6	Oc Ja Ap Jy	1884
794.4	Brunswick 75c	9⅞	0.7	2.9	7.5	F My Au N	1989
3,998.3	CPC Intnl. 25c	53	0.6	2.2	26.6	Jan Ap Jly Oct	2263
129.8	California Engy	713p	-0.6	–	–	–	–
5,728.3	Campbell Soup 15c	45½	0.4	1.5	4.1	Oc Ja Ap Jy	2050
1,388.5	Chase Manhattan $12½	10⅝	-8.6	6.6	26.4	Fb My Ag Nv	2109
1,995.1	Chrysler $6¼	8½	3.2	4.0	19.6	Apr Jul S D	2135
3,029.6	Citicorp $1	9⅞	-8.9	6.6	23.10	My Au N F	2141
3,033.5	Colgate-Palmolive $1	22¾	-2.7	2.7	17.5	F My Au N	2184
709.4	Cont'l Bank Corp $4	702p	-12.0	8.4	31.5	Dc Mr Ju Sp	–
840.8	Dana Corp. $1	20½	....	4.6	28.5	Mr Ju Se De	2306
261.9	Data General	949p	3.2	–	–	–	–
850.7	Dial Grop. $1.5	21½	-1.1	3.8	28.5	Ja Ap Jy Oc	2778
5,272.3	Dun & Bradstreet $1	29½	1.3	4.3	13.2	Mr Je Sp De	–
1,290.3	Eaton Corpn. 50c	38	-1.3	–	2.2	–	2410
453.5	Echlin Inc.	8½	1.6	5.1	2.4	Jan Apr Jly Oct	3046
3,811.0	FPL Group 1c	18⅝	1.0	7.6	28.5	Mar Jun Sep Dec	–
2,351.9	Fluor Corp 62½pc	29½	4.5	0.6	21.6	Ja Ap Jy Oc	2609
10,589.8	Ford Motor $1	22⅝	0.6	2.6	29.4	Mr Je S D	2615
41,047.7	Gen. Elect. 63c	46	1.1	2.6	3.6	Ja Ap Jy Oc	2675
–	General Hsg Corp $1	501p	-2.9	4.0	13.12	–	–
4,583.6	Gillette $1	21¼	-3.4	1.7	24.5	Mar Jun Sep Dec	2695
10.2	Gt. American Bank $1	31p	-11.4	–	28.10	–	–
980.6	Hasbro Inc 50c	17¼	....	0.8	1.8	Jan Apr Jly Oct	[illegible]

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

● For Latest Share Prices on any telephone ring direct-0836 43 + four digit code (listed below). Calls charged at 45p per minute peak and 34p off peak, inc VAT

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

Market Cap. £m	Stock	Price	Week % change	Y'ld Gr's	Last xd	Dividends Paid	City-line
0.87	Nusan Resources	16		–	–	–	1125
8.83	Northgate Expl. C$1	78	–6.7	–	10.77	–	–
2.36	North West Exp.	7		–	–	–	–
59.4	Nor-Quest Res.	106	0.9	–	–	–	–
–	Oryx Gold Hldgs.	173	–8.0	–	–	–	3686
0.97	Ohoca Gold IR 2p	14	–12.5	–	–	–	1470
5.05	Plateau Mining 20p	27		–	–	–	3407
5,460.4	RTZ 10p	551	–2.1	4.7	2.4	Dec Jul	3890
–	Thorco Res. Inc.	7		–	–	–	–
2.67	Vizcaya Hldgs. 5p	5		–	–	–	4193
11.5	Young Group 10p	125	–1.6	5.6	2.4	May Oct	5080

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Unless otherwise indicated, prices are in pence and denominations are 25p. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ∥ Price at time of suspension
- ¢ Not comparable
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date.
- ‡ No par value

B.Fr. Belgian Francs. Fr. French Francs ■ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. c Cents. e Redemption yield. f Flat yield. k Kenya. C Canadian. E Minimum tender price.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	Change
Craig & Rose £1	655	.....
Finlay Pkg. 5p	27	.....
Holt (Jos) 25p	1920	5.0
Heton Hldgs.	43	7.5

IRISH

Stock	Price	Change
Cap. 8½% Ln. 1991	£99¼	.....
9pc Cap Ln. 1996	£97¼	–0.8
Fin. 13% 97/02	£114¼	–0.7
Arnotts	150	–3.1
IRS	128½xd	.....
United Drug	170xd	–2.9

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	38
Bowaters	53
Brit. Aerospace	54
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	88
Grand Met.	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	29
Lloyds Bank	30
Lucas Inds.	13
Marks & Spencer	21
Midland Bk.	18
Nat West Bk.	27
P & O Dfd.	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	30
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Stock	p
Aviva Petm.	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petm.	10
Gaelic Res.	1
Premier	6
Shell	47
Tuskar Res.	2
Ultramar	38

Mines

Stock	p
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT Share Service

The following changes have been made to the *FT Share Information Service*:

Deletions: Amalgamated Fin. Invs. (Section: Trusts, Finance, Land).
Century Oils (Oil & Gas).
City & Westminster (Trusts, Finance, Land).
Egerton Trust (Property).
Food Inds. (Foods).
Process Systems (Electricals).
Ramar Textiles (Stores).
Utd. Biscuits Warrants (Foods).

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4:00 pm prices June 28

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	9¼	AAR Corp	0.48	0.03	16	481	15½	13⅞	15½	+1½
18¾	14½	A L Labs A	0.16	0.01	16	308	15⅞	15	15	-⅞
55½	40⅞	AMP Inc	1.44	0.03	19	1937	50½	49⅝	49¾	-⅜
68⅝	44¼	AMR			18	4709	60⅞	59⅝	60¼	+¼
2⅝	1¾	ARX			1	276	1⅞	1⅞	1⅞	-¼
51⅞	41½	ASA	3.50	0.07	15	2146	u52⅞	51⅞	52½	+⅞
54	39¾	Abbott Lab	1.00	0.02	22	3981	52½	50¾	51¼	-⅞
14½	9⅞	Abitibi Pr	0.50	0.04	26	34	13⅝	13½	13⅝	
11⅝	10⅞	ACM Gvl In	1.28	0.12		1214	11	10⅞	10⅞	
9¾	8¼	ACM GvOpp	1.01	0.11		151	9	8⅞	8⅞	
9¼	8¼	ACM Gvt Sp x	1.01	0.11		114	9⅛	9	9⅛	
11	9⅞	ACM Gvt Se x	1.26	0.12		808	10¼	10⅛	10⅛	+⅛
8⅞	7⅝	ACM Man	1.01	0.12		139	8¼	8⅛	8¼	+⅛
12⅞	11½	ACM Managd	1.37	0.11		630	12⅛	12	12	-⅛
7½	4⅞	Acme Cleve	0.40	0.07	14	233	6	5⅞	6	
6	3½	Acme Elect			37	184	4⅛	3⅞	3⅞	-⅝
40	22⅞	Acuson			21	1054	29¾	29	29⅛	-⅛
18½	14¼	Adams Expr	0.73	0.04	0	84	17⅞	17¾	17⅞	-⅛
20⅛	18	Adobe12Pf	2.40	0.13		492	19	18¾	18⅞	-¼
9¼	6¼	Adobe Res			21	890	7¼	6⅝	7¼	+½
38⅝	18	Ad Micro				278	35	34½	34½	-⅞
14¼	4⅝	Ad Micro P	3.00	0.25	13	4020	12⅞	12	12	+⅛
5⅛	2¼	Advest Grp	0.16	0.04	5	9	4¼	4⅛	4⅛	
49⅛	33⅞	Aetna Lf	2.76	0.07	8	686	41⅝	40⅞	41⅝	-⅛
10⅝	6⅝	Ahl A	0.24	0.03	36	1475	9⅛	8⅞	9⅛	+⅛
20¼	12	Ahmanson	0.88	0.05	10	1868	18⅛	17¾	18⅛	
10⅞	2⅞	Aileen Inc			12	364	9⅝	9⅛	9⅝	+⅛
74½	51⅛	Air Pr Chm x	1.56	0.02	15	457	69¼	67¼	67⅞	-1⅛
26⅝	16⅝	Airbne Frt	0.30	0.01	14	373	24	23¼	24	+⅝
16⅞	12½	Airgas Inc			60	54	15	14⅝	14⅝	-¼
15¼	10	Airlease x	1.60	0.13	6	31	12⅝	12⅝	12½	-⅛
94	88¼	AlaPw8.16				291	90	90		

1991 High	1991 Low	Stock	Div.	Yld.
40	36⅝	Brinkerint		
64¾	61¼	Bristol M x	2.40	[illegible]
33¾	24½	Brit Airwy	2.10	[illegible]
49⅞	39½	Brit Gas		
77½	65	BP ADR	4.56	[illegible]
32⅝	26⅝	BP Prudhoe	3.34	[illegible]
8⅝	3⅞	BP Wts93		
27⅝	21	Brit Steel	1.99	[illegible]
66	51¼	Brit Tel	3.24	[illegible]
12⅝	4⅝	Broad Inc	0.20	[illegible]
30⅛	27½	BrkinPfd		
29⅝	27	Brooklyn U x	1.90	[illegible]
84½	77⅞	BrwnFormnB	2.24	[illegible]
28	21⅝	Brown Grp	1.60	[illegible]
12⅞	8⅛	Brown&Shrp		
30⅞	20⅞	Browning F x	0.68	[illegible]
4⅞	2¼	BRT		
16⅞	8⅝	Brunswick	0.44	[illegible]
20	14⅞	Brush Well	0.72	[illegible]
27½	23⅝	Buckeye Pt	2.60	[illegible]
16⅞	13	Bunker Hl x	1.64	[illegible]
13¾	10¼	Burger K I	1.60	[illegible]
15⅛	8⅛	Burl Coat		
36¾	26¾	Burl North	1.20	[illegible]
41⅛	32⅞	Burln Resc	0.70	[illegible]
16	11¼	Burnham Pc x	1.36	[illegible]
2⅞	¼	Businessin		

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close
24¾	21⅞	Yankee Egy	1.80	0.07	12	162	23	22⅞	22⅞
1⅝	⅜	Zapata				01448	1⅝	⅜	⅜
9⅝	6⅛	ZenithElec			2	540	7⅝	7⅛	7⅝
18½	12	Zenith Nat	1.60	0.08		6715	17	16	16¾
8⅝	4⅝	Zeris Inc x	0.96	0.17		18	6	5⅝	5⅝
15½	10⅞	Zero Corp	0.40	0.05	14	72	13¾	13⅝	13⅝
41⅞	29½	Zurn Ind	0.88	0.02	14	151	35¼	34⅝	35
13½	10¼	Zweig Fund	1.12	0.09		121	12⅝	12½	12⅝
10	8½	Zweig Totl	0.96	0.10		326	9⅝	9¼	9⅝

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankrupcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices June 28

NASDAQ NATIONAL MARKET

4:00 pm prices June 28

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MONDAY INTERVIEW

Family still minding the store

Lord Sainsbury, chairman of J Sainsbury, and David Sainsbury, deputy chairman, speak to **Guy de Jonquières** and **John Thornhill**

British retailing history is peppered with companies such as Marks and Spencer, and Tesco which owe their rise to the families which founded them. Over the decades, however, dynastic influence has often waned as professional managers and outside shareholders have moved in to take a bigger role in the business.

J Sainsbury, Britain's largest food retailer, is a rare exception. In spite of last month's £489m rights issue – which will dilute the family holding from 47 to 43 per cent – the company is still largely controlled by the fourth generation of the founding family.

The arrangement has been richly rewarding for outside investors. Sainsbury has shrugged off the recession, reporting 20 per cent profits growth in the year to March. *The result capped a decade in* which annual returns to shareholders averaged 31 per cent.

The annual general meeting on Thursday will doubtless hear promises of more to come. Sainsbury is investing in a long-term expansion programme at the rate of more than £2m a day.

There are only two family members on Sainsbury's payroll, but they hold the most senior management posts. Though first cousins, they could scarcely be more different. Lord Sainsbury, the 63-year-old chairman, is an authoritarian of the old school, who takes pride in a detailed grasp of the business acquired in 41 years with the company.

Outwardly every inch the Tory grandee, he insists he is a shopkeeper at heart, never happier than when prowling the aisles checking products and prices. His swoops on *Sainsbury stores are legendary,* as are his thunderous outbursts at any sign of sloppiness. *"If I walk past a display* in a branch that's a shambles, how can I expect the manager to object when he walks past it?" he asks.

He sets equally demanding standards for his own family, insisting that nepotism is the enemy of business success. Since the last war, the rule has been that "you either get on or you get out. You've got to show that you can do better than those around you who are non-family, or you disappear. You don't get your job because of your name."

David Sainsbury, 48-year-old deputy chairman who is in line to take over the top job next year, also worked his way through the ranks since joining the company in 1963. Though much the richest *Sainsbury, owning about* a fifth of the company, a stake currently worth almost £1.2bn, he is disarmingly unassuming. Conservative in appearance and thoughtful in manner, he seems to go out of his way to eschew the tycoon image. On casual acquaintance, he might be mistaken for a branch manager.

The cousins insist their temperamental differences are complementary. "He is a more patient man than I am," admits Lord Sainsbury, prompting the immediate rejoinder: "That you can get unanimity on." Serious disagreements are said *to be rare. The* last was 12 years ago when David was defeated over a proposal to *diversify into fast food.*

On two issues, above all, they are utterly united. One is *a passionate* conviction that Sainsbury's is the best company in the business, and that its relentless pursuit of better value and wider choice has contributed in equal measure to the welfare of customers, shareholders and staff.

They are equally unanimous in their commitment to a business philosophy which combines deep respect for tradition with a restless appetite for change. They see no paradox in this. Indeed, they argue that ceaseless innovation is dictated by the values that have inspired Sainsbury's since its first grocery store opened in London's Drury Lane in 1869.

"The consistency goes back to the very start of the business, because the founders had two very simple premises," says Lord Sainsbury. "They wanted better quality than any of their competitors and they wanted lower prices. Lots of *people wanted one or the* other. Their uniqueness was to go for both. It's been a consist*ent formula that has con*stantly been adapted and changed and is continually adapting and changing."

However, even some of the company's keenest admirers are becoming uneasy about how much longer the current version of the formula will continue to bring home the bacon. They fear hectic investment in new stores by Sainsbury's and its main rivals will saturate the market, provoking a price war and shrinking margins.

The cousins will have none of it. While conceding that it is arithmetically impossible to increase sales area for ever at the current rate of 8 per cent a year, they say the Jeremiahs miss the point. Sainsbury is driven not by some megalomaniac urge to carpet the country with superstores, but by the need continuously to renew the business.

The real art, it seems, lies in *knowing when to shut shops as* much as when to open them. "One of our great strengths since the war is that we didn't hesitate to close down out of date and small stores," says Lord Sainsbury.

The latest generation of out-of-town superstores, averaging 35,000 sq ft, yield far higher margins than smaller outlets. However, the cousins prefer to think of their strategy as a response to changes in customer demand dictated by demographics and the increased mobility which goes with higher levels of car ownership.

Furthermore, customers flock to Sainsbury's these days not just for groceries, but to buy a *rapidly expanding range* of items such as cut flowers, newspapers, petrol and *tobacco. "You only get saturation* if the rate of innovation stops, because then you have no need to renew," says David Sainsbury. "We will never get into a position where we say, we cover the whole of the country and therefore we don't go on building any new stores."

Not everyone shares Lord Sainsbury's enthusiasm about some results of what he calls "our duty to offer choice". In some areas where superstores have opened, local shops have gone out of business. Indeed, the number of UK grocery outlets is estimated to have fallen from 147,000 to 44,000 in the past 30 years. For shoppers too old or too poor to drive there, a palatial superstore in the suburbs may not be much of a compensation. The cousins *allow that some rival outlets* are being squeezed out by the growth of superstores but say *the main casualties are ineffi*cient medium-sized supermarkets, not corner shops.

*While the impact of Sains*bury's commercial activities on the quality of life may be debated, the Sainsbury family's philanthropic contributions are beyond dispute. The most high-profile example is their financial support for the about-to-be-opened National Gallery extension.

Lord Sainsbury, a former chairman of the Royal Opera House, is a leading patron of the arts. The consuming interest of David Sainsbury is reform of UK industrial policy, a cause which led him to fund the now-defunct Social Democratic party and to flirt briefly with thoughts of a political career.

But for both, the freedom conferred by immense inherited wealth to indulge personal passions is balanced by an *acute awareness of special obligations.* As temporary custodians of vast fortunes, they *clearly feel a duty to husband* and spend them well.

Although they inherited a lot *of shares, says Lord Sainsbury,* "they aren't worth a lot of money if you don't want to sell them. And we never did want to sell them. We felt they were there and we were jolly lucky to have them, but they weren't disposable in any meaningful way. Of course I have a very substantial income, and that in itself brings responsibilities. But the first responsibility is to the business, to see that it's looked after."

Will there always be Sainsburys around to mind the shop? Both cousins would like to think so, praising the continuity of values and long-term horizons which family involvement brings. "But this is now a very highly professional business with very good managers," says David Sainsbury. "The success of the business isn't dependent on a fifth generation coming in."

Trevor Humphries

'You don't get your job because of your name'

PERSONAL FILE: LORD SAINSBURY

- **1927** Born November 2. Educated Stowe School and Worcester College, Oxford.
- **1958** Director, J Sainsbury.
- **1967-69** Vice-chairman.
- **1969** Chairman, J Sainsbury.
- **1975-79** Member, Council, Retail Consortium.
- **1984-** Vice-president, Contemporary Arts Society.
- **1987-** Chairman, Royal Opera House

DAVID SAINSBURY

- **1940** Born October 24. Educated King's College, Cambridge and Columbia University.
- **1963** Joined J Sainsbury.
- **1973-90** Finance director.
- **1982-** Trustee Social democratic party.
- **1985-** Member governing body of London Business School.
- **1988-** Deputy chairman, J Sainsbury.

No superpower for children

MICHAEL PROWSE
on America

With the collapse of communism, the US is being hailed as the world's only superpower. Its political and economic system *is touted as a model in both* eastern Europe and the Third World. May I recommend an antidote for this hubris: a sober report on the state of American families by the bipartisan National Commission on Children.

The commission, chaired by Senator Jay Rockefeller, a Democrat from West Virginia and a possible presidential candidate in 1992, questions "the moral character of a nation that allows so many children to grow up poor, to live in *unsafe dwellings and violent* neighbourhoods, to lack access to basic health care and a decent education".

But it avoids empty rhetoric by drawing attention to specific failings. Why is the US fighting a measles epidemic in big cities? Answer: because nearly a third of pre-school children are not immunised against common contagious diseases. Why are large businesses often unable to find competent workers? Answer: because nearly 40 per cent of youths in big cities drop out of high schools. Destructive forms of behaviour abound: *more than half of children* experiment with drugs and drink alcohol on a regular *basis; one in seven suffers* mental disorders; gunshot wounds kill more teenage boys than all natural causes combined.

Why is this happening in what remains a very wealthy society? Mr Rockefeller and his colleagues focus on two interrelated trends: the breakdown of traditional families and unacceptably high levels of child poverty.

Out-of-wedlock births and a rising divorce rate mean that more than 16m American children – one in four – grow up with a single parent, usually the mother. Three-quarters of women with school age children work outside the home, often full-time, reducing the time available for child-rearing even in two-parent families. The commission is not saying these trends can or should be reversed, merely pointing out that they *often create a less* supportive environment for children.

One in five children (the rates for minorities are much higher) lives below the federal poverty line, making children the poorest group in US society. The elderly, who once occupied this role, have benefited from a big expansion of public-sector pensions. The causes of child poverty are multifarious but include family break-up – on average single mothers earn only 40 per cent as much as two-parent families – and declining real wages for young workers: the median income of families headed by workers under the age of 25 has fallen by nearly a quarter *in real terms since 1973.*

What can be done? Many of the Rockefeller report's recom*mendations seem blindingly* obvious. It suggests, for example, that health insurance should be extended to all children and pregnant mothers, if necessary at public expense. You have to pinch yourself to remember that for many Americans this represents an unacceptable form of "socialised medicine".

The greatest controversy, however, is likely to surround the centrepiece of the commission's $56bn (£34bn) reform programme: a $1,000 refundable tax credit for all children under the age of 18. This would bring the US into line with other western industrialised countries which all provide universal public benefits for families raising children. The credit would be received as a direct cash payment by families too poor to pay tax; for others it would replace the current personal tax exemption.

All families with children would gain, but especially those on low incomes. The credit, for example, would be equivalent to a tripling of the personal exemption for families paying tax at 15 per cent, the lowest rate.

Conservatives have already raised two objections to the credit. The first is that it represents resources without strings: unmarried teenagers, for example, would get *extra cash without being required to* work or undertake training. The second is that it is rela*tively poorly targeted:* even the children of millionaires would gain some benefit.

These objections miss the point. The credit is not intended as welfare reform but as tax reform. One of the most striking fiscal changes in recent decades has been a rise in the relative tax burden on families with children as inflation eroded the value of tax exemptions for dependents. Since 1948, the exemption has declined from 42 per cent to 11 per cent of per capita personal income. *In effect, the Rocke*feller report is advocating that a portion of that unintended decline be *made good.*

Anxious to sustain bipartisan support, the commission *did not specify* how the child tax credit should be financed. But it listed plenty of possibilities, ranging from cuts in programmes such as the space station to slightly higher marginal tax rates on high earners and a national value added tax. Nobody can rationally argue that the money cannot be found.

If the US is indeed a superpower, it ought to be able to improve the lot of American children. Many current strains are not easily addressed: broken families cannot easily be stuck together. But poverty, a contributory cause of distress for millions of families, can be relieved. A tax system that more accurately reflected the cost of raising children would be far from a panacea. But it would be a step in the right direction – a step that many Americans might ultimately value more than the glorious rhetoric of superpower politics.

Still afflicted by Europhobia

IAN DAVIDSON
on Europe

The last few days have demonstrated that Britain does not really want to be part of the European Community. While Mrs Thatcher was in power, it was easy to blame her crude chauvinism for the essentially anti-Community undertone of offi*cial British discourse. Unfortu*nately, she was too easy a scapegoat.

Her departure has substantially improved the urbanity of negotiation between Britain and its European partners. Community summit meetings no longer vibrate with her shrill denunciations, and the other member states are relieved that Mr John Major is willing to negotiate in a nor*mal tone of voice.*

But there is not much doubt on the essential issue, which is that the gut feelings of the Major government are still fundamentally anti-Community. The normal conventions of civilised behaviour are observed much better than before, but the deep objectives remain unchanged: to deny, obstruct, and prevent the attainment of the kind of integrated Community most of the other member states desire.

This may be partly the result of the circumstances of the moment. Mrs Thatcher and the recession have created enormous difficulties for the new prime minister; if the economy recovers and Mrs Thatcher goes away, perhaps Mr Major's courage *for the European* enterprise will recover too.

I would not bank on it, not *after last week's debate on* Europe in the House of Commons. Of course, the newspaper *headlines concentrated on* Thatcher's impassioned diatribe against the Community. But the central *fact about the* debate as reported abroad, was that the government apparently had no creative strategy for Europe, and would proba*bly be indignant if* you suggested it ought to have one. Every phrase seems to have been designed to reassure the House that the British would remain vigilant against insidious incursions by the dreadful Europeans. They might attempt to foist their knavish tricks on us, but Britain would be on its guard to reject, resist, and reduce their onslaughts.

The Labour party claims to have been converted to Europe; if so, it must have been a very reluctant conversion. Indeed, the Commons debate seems to have been a competition in negativeness, in which government and opposition challenged each other to confess to harbouring secret urges to sell Britain's birth*right down the river.*

The traditional British jibe is that the continentals have a *lamentable weakness for ideol*ogy; but it turns out that the airy-fairy continentals are the pragmatists, and the British the rigid ideologues.

Take the current negotia*tions on political union in the* Community. Most EC member states are ready to subscribe to the idea that the Community's ultimate objective will be "federal". They may not have an agreed definition of what the word means, *but then they are* creating a Community, not writing a dictionary. Only the pragmatic British are determined to scrutinise, with the philological intensity of a Wittgenstein, all the shades of meaning of the word "federal", in every Community language, and even then will reject it. It is most peculiar.

Mr Major tells us there are many different interpretations, in different countries, of the word federal. A rational man should be reassured: either the word federal *has no normative* force, or the British government is free to determine and *if necessary impose its own* definition. But no; the UK government protests hysterically as if the word federal were really a magic spell that would rob the British of their vital bodily fluids.

Curiously, the word federal raises no storm in France. President Mitterrand caused a *tiny frisson when he first came* out with it last year, but now it is taken for granted. This is rather strange, considering that France is, after Britain, the most centralised unitary state in Europe.

One explanation is indeed that France is now only the second-most centralised state *in Europe: President Mitter*rand has started a process of decentralisation, whereas Mrs *Thatcher destroyed local gov*ernment in Britain. Another element is the British electoral system, which automatically confers an unrepresentative monopoly of power on one party. Since British political parties cannot bear to share power with each other, it is not surprising they do not take naturally to sharing it with foreigners.

Mr James Baker, the US sec*retary of state, has described* the evolution of the Community in simple, undramatic terms. *"The European Commu*nity's success at integration," he said in Berlin recently, "enables its member nations to benefit from common policies, preserve distinctive national attributes, and also devolve authority to local governments closer to the people." This is not a description you will hear from the British government, however; no doubt it does not agree with it as a fact or an *objective.*

The rest of the year will inevitably see a prolonged rear-guard action, in which Britain will attempt to resist the ideas of a European defence policy, a European social policy, a European immigration policy, or increased legislative powers for the European Parliament. At *the end of the year,* presumably, the British government will sign a treaty with some*thing of all these things,* because it cannot afford to go home alone.

But it would be nice if the British government were at some stage to reveal to its electorate, that the European Community is now crossing an existential watershed, from the step-by-step to the all-or-noth*ing. When that watershed has* been crossed, all issues will be potential subjects for discus*sion in Brussels, subject to* subsidiarity (the principle that the EC should only deal with matters that cannot be better tackled at national or local level). Is that a federation? Ask John Major.

JOTTER PAD

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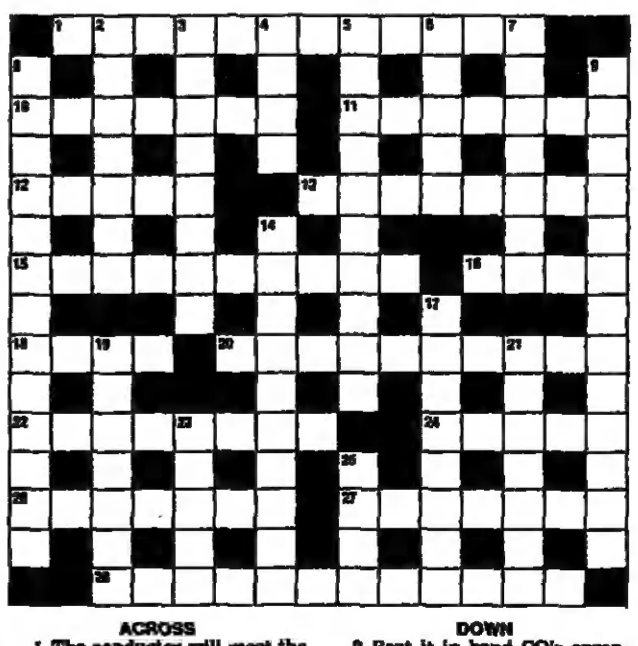

ACROSS

1 *The conductor will meet the* consequences without shirking (4,3,5)
10 Worried eastern priest gets a break (7)
11 Make one's home outside a city in America (7)
12 *Wild about an explorer* (5)
13 Nose could be, whether disdainful or not (6-2)
15 Fruit for wine of earlier vintage? (10)
16 Map left in the vessel (4)
18 The team moaned, they say (4)
20 Voiced when the glasses are raised? (4,6)
22 Dog Latin as a new translation (8)
24 Mark was hasty in theological degree (5)
26 *Noel put out, but rich* (7)
27 Founder with seaside feature about one (7)
28 In which there's evidence of the working class? (8,4)

DOWN

2 *Beat it in band CO's organ*ised (7)
3 English girl's over a year building up to become an agent (8)
4 The bounder to lean to one side (4)
5 Certain *type of* party to show pretence (10)
6 One in a short trip in the country (5)
7 CID with tale about a fortress (7)
8 The time when bats come *out* (7,6)
9 Night vault? What it leads to is unpredictable (4,2,3,4)
14 Gold in odd creation concerned with flying (10)
17 Interest again about sailor's brother arising (8)
19 Put side in *disarray* in contest (7)
21 Plain liver completely taken up with emperor (7)
23 Article on Middle East? That's the subject (5)
25 There's nothing the matter with work! (4)

The solution to last Saturday's prize puzzle will be published with names of winners on Saturday July 13.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.59	16.28	16.28
0100	15.59	16.14	16.14
0130	15.59	16.14	16.14
0200	15.59	16.18	16.18
0230	15.59	16.18	16.18
0300	15.59	16.18	16.18
0330	15.59	16.07	16.07
0400	15.59	16.07	16.07
0430	15.59	16.07	16.07
0500	15.59	16.07	16.07
0530	15.52	16.07	16.07
0600	15.52	16.14	16.14
0630	15.52	16.14	16.14
0700	15.47	16.14	16.14
0730	15.50	16.14	16.14
0800	15.57	16.61	19.96
0830	15.59	16.61	19.97
0900	17.74	16.96	20.36
0930	18.03	16.61	19.97
1000	18.35	16.96	20.35
1030	18.78	19.54	20.92
1100	18.95	20.20	21.60
1130	20.70	20.20	21.60
1200	20.70	20.96	22.40
1230	20.70	25.81	27.34
1300	20.70	25.81	27.34
1330	20.70	20.96	22.41
1400	19.04	19.96	27.36
1430	18.38	16.96	20.35
1500	18.03	16.96	20.36
1530	18.03	16.96	20.36
1600	18.03	16.26	16.26
1630	18.03	16.96	20.35
1700	18.03	16.96	20.36
1730	18.03	16.96	20.35
1800	18.03	16.96	20.35
1830	18.03	16.96	20.35
1900	18.03	16.96	20.35
1930	18.03	16.96	20.35
2000	18.03	16.96	20.36
2030	18.03	16.96	20.36
2100	18.03	16.96	20.34
2130	22.16	22.70	24.17
2200	25.68	24.14	25.86
2230	25.88	24.14	25.88
2300	18.43	20.98	20.98
2330	15.87	16.28	16.28
2400	15.59	16.28	16.28

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £[illegible]/MWh becomes [illegible]p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.59	16.14	16.14
0100	15.59	16.14	16.14
0130	15.59	16.14	16.14
0200	15.57	16.14	16.14
0230	15.59	16.14	16.14
0300	15.59	16.14	16.14
0330	15.59	16.14	16.14
0400	15.59	16.14	16.14
0430	15.59	16.14	16.14
0500	15.59	16.07	16.07
0530	15.84	16.08	16.08
0600	15.84	16.08	16.08
0630	15.84	16.17	16.17
0700	16.23	17.22	17.22
0730	18.69	19.59	21.75
0800	20.86	20.77	22.55
0830	20.97	21.16	22.85
0900	21.03	21.48	23.32
0930	21.18	22.01	23.96
1000	21.30	28.86	31.02
1030	21.44	28.01	31.16
1100	21.86	22.47	24.46
1130	22.03	22.59	24.59
1200	22.50	29.07	31.22
1230	22.34	28.77	30.88
1300	21.80	21.80	23.67
1330	21.20	21.28	23.02
1400	21.47	21.12	21.12
1430	21.38	21.05	22.77
1500	21.30	21.04	22.79
1530	20.90	21.04	22.78
1600	20.87	21.06	22.79
1630	21.09	33.28	35.30
1700	21.11	21.19	22.92
1730	21.02	21.14	22.87
1800	20.89	21.03	22.78
1830	19.50	20.29	22.00
1900	19.03	20.29	22.01
1930	18.68	20.29	22.01
2000	18.57	19.68	21.36
2030	18.37	21.45	23.27
2100	18.37	21.45	23.20
2130	19.50	25.13	26.86
2200	19.50	25.13	26.86
2230	19.50	20.98	20.98
2300	18.50	17.59	17.59
2330	18.25	17.22	17.22
2400	15.95	17.22	17.22

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £[illegible]/MWh becomes [illegible]p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

BASE LENDING RATES

	%		%		%
ABN Bank	11.5	Comm.Bk.of London Plc	11.5	McDonnell Douglas Bnk	11.5
Adam & Company	11.5	Co-operative Bank	11.5	Midland Bank	11.5
Allied Trust Bank	11.5	Coutts & Co	11.5	Mount Banking	11.5
AIB Bank	11.5	Cyprus Popular Bk	11.5	NatWestminster	11.5
● Henry Ansbacher	11.5	Dunbar Bank PLC	11.5	Northern Bank Ltd	11.5
B & C Merchant Bank	11.5	Duncan Lawrie	11.5	Nykredit Mortage Bank	12
Bank of Baroda	11.5	Equatorial Bank plc	11.5	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11.5	Exeter Bank Limited	12	Roxburghe Bank Ltd	12.5
Bank Credit & Comm	11.5	Financial & Gen. Bank	12	Royal Bk of Scotland	11.5
Bank of Cyprus	11.5	First National Bank Plc	14	● Smith & Williamson Secs.	11.5
Bank of Ireland	11.5	● Robert Fleming & Co.	11.5	Standard Chartered	11.5
Bank of India	11.5	Robert Fraser & Ptrs.	12	TSB	11.5
Bank of Scotland	11.5	Girobank	11.5	Unibank plc	11.5
Banque Belge Ltd	12	● Guinness Mahon	11.5	● United Bk of Kuwait	11.5
Barclays Bank	11.5	● Hambros Bank	11.5	Unity Trust Bank Plc	11.5
Benchmark Bank	11.5	Hampshire Trust Plc	13.5	Western Trust	11.5
Brit. Bk of Mid East	11.5	Heritable & Gen Inv Bnk.	11.5	Westpac Bank Corp.	11.5
● Brown Shipley	11.5	● Hill Samuel	11.5	Whiteaway Laidlaw	11.5
CL Bank Nederland	11.5	C. Hoare & Co.	11.5	Yorkshire Bank	11.5
Citibank NA	11.5	Hongkong & Shanghai	11.5		
City Merchants Bank	11.5	● Leopold Joseph & Sons	11.5		
Clydesdale Bank	11.5	Lloyds Bank	11.5		
		Meghraj Bank Ltd	11.5		

● Members of British Merchant Banking & Securities Houses Association.